THE EMPIRE CLUB

ADDRESSES 1983-1984

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The Empire Club of Canada
1983–1984

Robert C. Ragsdale, F.R.P.S.

DOUGLAS L. DERRY, F.C.A.
PRESIDENT, 1983–1984

ADDRESSES 1983–1984

The Empire Club of Canada

EIGHTY-FIRST YEAR

GOD SAVE THE QUEEN

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The Empire Club of Canada

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Preface

The 1983-84 Empire Club year was the eighty-first continuous season of luncheons addressed by prominent men and women from a wide field of activities and interests. It is thanks to the strong leadership provided over these years that our club is widely recognized as a forum of significance in Canada, and has in recent years reached new levels of membership strength. The reason for this becomes readily evident when one re-reads the addresses and contemplates the thought, consideration, and effort that was put into the preparation and delivery of those addresses by our guest speakers.

This facility – to read a season's addresses in one yearbook – adds to the uniqueness of our club. The fact that all addresses made to our members since the club's founding in 1903 have been published in yearbooks makes them a valuable source for historians and others researching Canada's development. Thanks to the considerable efforts of the directors and officers of The Empire Club Foundation, and the generosity of many companies and individuals, the yearbook is sent free of charge to some 3,000 libraries across Canada, in addition to our 2,800 members.

Addresses to the club over the last year have fulfilled the high expectations of our weekly audience. We are pleased to provide our members with the 1983-84 yearbook as a reminder of those many pleasant luncheons, and to provide many other Canadians, through libraries, the opportunity to learn of the speakers and their viewpoints.

Douglas L. Derry, F.C.A.
President, 1983-84

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GOVERNMENT HOUSE
RÉSIDENCE DU GOUVERNEUR GÉNÉRAL

I am cognizant of the fact that the Empire Club of Canada is celebrating its 80th anniversary on November 17, 1983.

On behalf of Her Majesty, Queen Elizabeth II, Queen of Canada and as Honorary President of the Empire Club, I am pleased to extend greetings and best wishes on this memorable occasion in the history of your organization.

The Empire Club of Canada performs a valuable service in providing for speakers on topics of national importance and in disseminating material of educational and patriotic value.

All Canadians benefit from your endeavours to support the Canadian Parliamentary system and Commonwealth cooperation. I encourage you to continue in your meritorious efforts.

I also take this opportunity to wish you a successful future.

Ed Schreyer
Governor General of Canada

November 1983

Portrait by Cavouk, Toronto

Her Majesty, Queen Elizabeth II

JUNE 29
1983

Dominion of Canada Day Luncheon

held jointly by
The Empire Club of Canada
and
The Royal Commonwealth Society (Toronto Branch)

GUEST OF HONOUR Sir John A. Macdonald
(as portrayed by the actor,
Robert Christie)

CO-CHAIRMEN Douglas L. Derry, F.C.A.
President, The Empire Club of Canada
and
BGen. Reginald W. Lewis, C.D.
Vice Chairman, The Royal
Commonwealth Society (Toronto Branch)

MR. DERRY:

Your Excellency, My Lord, Reverend Sir, distinguished past chairmen and past presidents, members, and guests of The Royal Commonwealth Society and The Empire Club of Canada: "With the first dawn of this gladsome midsummer morn, we hail the birthday of a new nationality. A united British America, with its four millions of people, takes its place this day among the nations of the world. Stamped with a familiar name,...the Dominion of Canada on this first day of July, in the year of grace, eighteen hundred and sixty-seven, enters a new career of national existence." This was the introduction of George Brown's two-page leading article in *The Globe* in celebration of Confederation. In the 116 years since he wrote this article, our country has indeed had a career of national existence of which we can be proud. It started as a union of four provinces within the British Empire and matured to existence as a country spanning the continent, independent to itself, but by choice an integral member of the British Commonwealth and loyal to Her Majesty the Queen.

In recognition of this country's career, I now ask Major General Legge to propose a Toast to Canada and the Commonwealth.

MGEN. LEGGE:

Mr. President, Your Excellencies, My Lord, Reverend Sirs, ladies and gentlemen of The Royal Commonwealth Society and of The Empire Club of Canada.I congratulate you, Mr. President, on having Canada's founding Prime Minister attend our meeting, and I only hope that his absence at this late hour, 1:15 P.M., does not indicate that he is still suffering from his libations. As a matter of fact, mention of his tardiness reminded me of Thomas D'Arcy McGee, the great orator for Confederation in Sir John A.'s first Cabinet. He was an Irishman who went from Ireland to New York and then came to Canada, and who became so ardent for the Canadian Confederation under the British Crown that he was assassinated by the *Sinn Fein*, thus becoming the first of Canada's two political martyrs. Like Sir John A., his chief, he also had a drinking problem, so troublesome that the Prime Minister summoned him one day and said, "See here, McGee, there are one too many drunks in this Cabinet! And I am not resigning."

This is a great day for Canada because His Royal Highness, the Duke of Edinburgh, the Queen's Consort, is in London, Ontario, as Colonel-in-Chief of the Royal Canadian Regiment, now celebrating its hundredth anniversary. In Edmonton are Their Royal Highnesses, the Prince and Princess of Wales. I mention this because I do not ordinarily like to propose a Toast to Canada since the official Toast is to the Queen of Canada, "*la Reine du Canada*," and any other Toast seems to be a diminution of our beloved Chief of State and "Sovereign Lady."

Canada has always been a monarchy – French before 1759, British after the "Plains of Abraham," and Canadian after the Second World War. Indeed, in our new Constitution, and I defer to the Honourable Mr. Justice Potts on this point, there are three matters which are consecrated – the duality of the French and English languages, the composition of the Supreme Court, and the role of the monarchy in the person of the Queen of Canada. So entrenched are these subjects that they can only be changed by the unanimous consent of all the legislatures of Canada, and since all of the legislatures of Canada have never agreed on anything, I am certain that the monarchy will always be the Canadian tradition, the only monarchy in the Americas. May it long continue to flourish!

Commonwealth countries regard Queen Elizabeth as the Head of the Commonwealth, and she is the Patron of the Royal Commonwealth Society. Since 1903, when The Empire Club of Canada was formed, our motto has alwas been "God Save the Queen," and it is always inscribed in our yearbook.

To speak about such an emotional subject as one's love of country, or of the Crown, or of the Commonwealth, is very difficult indeed. I would therefore like to give to you my favourite tribute to Canada which was written by an opponent of the great Sir John A. Macdonald, Sir Wilfrid Laurier.

"Canada has been the inspiration of my life. I have had before me as a pillar of fire by night and a pillar of cloud by day, a policy of true Canadianism, of moderation, of conciliation. . . .In all the difficulties, all the pains, and all the vicissitudes of our situation, let us always remember that love is better than hatred, and faith better than doubt, and let hope in our future destinies be the pillar of fire to guide us in our career."

May Canada continue to be the inspiration of all our lives!

And what can one say about our beloved Commonwealth? An Australian, Bruce Millar, has described the Commonwealth as "a concept of convenience," and another cynic, Lord Carradon, on another subject, has said that "anyone who understands the situation is simply misinformed." As to its critics, Shakespeare (in *Richard II*) wrote of the "caterpillars of the Commonwealth," and in 1780, in the House of Commons, the great Edmund Burke noted that "individuals pass like shadows but the Commonwealth is fixed and stable."

I believe in that Commonwealth because it does not try to compel anyone to prove himself or to do anything. The Commonwealth, like the Crown, is based on *noblesse oblige*. That is, because I am privileged, I owe a duty of kindness and assistance to others. The Royal Commonwealth Society supports these principles:

> Countries belong to the Commonwealth because they value it as an association. It spans the continents and is a bridge between races and religions and between rich and poor. It enables the Prime Ministers to discuss their common problems frankly and to work together for solutions.
>
> The Declaration of Commonwealth Principles involves the members' commitment to international peace and order, equal rights for all citizens, and the liberty of the individual, their opposition to colonial domination and racial oppression, and their resolve to achieve a fairer global society.

Mark Twain used to ask his audiences to imagine difficult things. He argued that to imagine something else is the most difficult undertaking in the world. He used to exhort his audience, "Imagine that you are a Congressman." And when their minds were engrossed in this mind-set, he used to say, "Imagine that you are an idiot." And whilst they were trying to mould their minds to that view, he used to add, "But I repeat myself." May I ask you to do the impossible and in the first instance, imagine Canada without the Commonwealth! And now that you have thought that through, imagine the Commonwealth without Canada! But I repeat myself.Would you rise and drink with me the Toast of the day – Canada and the Commonwealth.

MR. DERRY:

Thank you, General Legge, for proposing the Toast so graciously. Canada's present and future is quite naturally of primary interest and concern to us all, but it is fun at the time of our birthday celebration to also look to our past. On "Confederation Day," as it was described in 1867, the City of Toronto had a multitude of festivities to aptly rejoice the new union. *The Globe* was in the full spirit of the occasion as evidenced by the lead article from which I quoted a few minutes ago. However, it certainly was not restricted to that. For instance, in another article entitled "Confederation Day in Toronto," the program of rejoicings was described: "The bells of St. James' broke the midnight silence to convey this joyful news to the City that the important era had arrived. . . At 4 A.M. the Tenth Royals were to hoist the Union Jack on the new flagstaff. . . in front of the shed. At 6 o'clock, Captain Woodhouse was to start roasting an immense ox. . . at 9:30 a blessing was to be invoked on the new Dominion," and "at 10:30 a grand military review of regiments including the Queen's Own (Rifles)" – who so ably led us to the head table today. "Late in the day, a concert organized by the Horticultural Society, and at 7 P.M. a grand promenade concert followed by fireworks in the Queen's Park."

Quite a celebration, and all of it coming about as a result of the struggles, frustrations, compromises, and sacrifices of those who became known as the Fathers of Confederation. The man most frequently remembered and hailed as the chief architect of Confederation is, of course, Sir John A. Macdonald. At this time he was fifty-two years of age, having been actively involved in politics for some twenty-eight years. Amazingly, he would be the key figure in Canadian politics until his death another twenty-four years later.

As Donald Creighton, in *Sir John A. Macdonald: The Young Politician*, put it, "The day was his, if it was anybody's. He, above all others, had ensured its coming, and he had prescribed the order of its celebration."

Aptly so, if Confederation Day 1867 was his day, it seems more than appropriate that our celebration in 1983 should be his day as well. After considerable search, we succeeded in making contact with Sir John, and he very generously agreed to spend some time with us today.

It gives me great pleasure to welcome Sir John A. Macdonald.

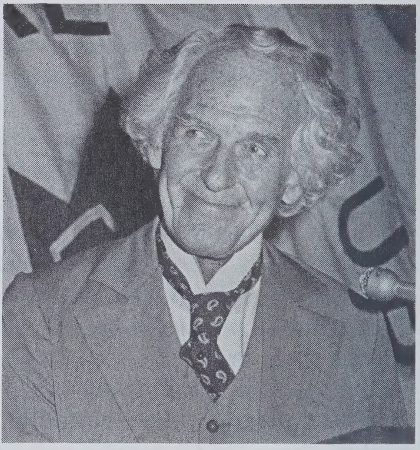
SIR JOHN A. MACDONALD:

Your Excellency Mr. Roland Michener, General Sir Neil Ritchie, My Lord Mr. Justice Joseph Potts, Major General Bruce Legge, Brigadier General Reginald Lewis, Mr. Derry, and Reverend Sir! Ladies and gentlemen. What a pleasure it is to be here in Toronto and to visit with people who care about the Empire; "a British subject I was born, a British subject I will die!" And of course, I did!

I see there is still a Toronto *Globe*: *The Globe and Mail*? Interesting about that *Mail* newspaper. . . when I was in Toronto in '71 – 1871! – I was helping Ed Pattison to get the *Mail* started – lot of trouble, took a long time. And then it turned out not to be a good paper for us. (I mean my Party – the Liberal-Conservatives). We always needed strong opposition to George Brown's *Globe*, the Grit paper, so, when support had weakened down at the *Mail*, we got the *Empire* newspaper started in 1887. (I was getting on, I was seventy-two.) Then I believe there was the *Mail and Empire*, and now, after that, *The Globe and Mail*! One newspaper eating up another! I suppose I would have to agree that George Brown has certainly won the day! You'll Never Die, George Brown!

I would like to tell you about my most pleasant visit to Toronto. In May 1877 – when I was about to start away on the second year of my electioneering picnics – I arrived in this city at the Nipissing Railway Station at the foot of Berkeley Street. It was a wee bit before eight o'clock in the evening. There was a great crowd of people assembled: the platform was besieged, the roofs of freight cars in the vicinity were covered with people and the streets were jam-packed. When I got off the train I was escorted by J.G. Worts and W.H. Bailey to a carriage – loud cheers! – and then to my amazement the horses were released from the shafts and a crowd of willing hands came up to replace them. We were drawn through the streets, we went along Berkeley, King, Yonge, Queen, and Simcoe to King again, to the United Empire Club; again, people everywhere all manifesting the greatest enthusiasm. All the way along the streets, there was one continuous burst of applause. Of course, as we passed the office of George Brown's *Globe*, cheers were changed to groans in our honour! Many of the shopkeepers along the route of the procession had lit their shops with extra lamps and gas jets – there were hundreds of torch bearers in attendance, and the United Empire Club where we arrived was brilliantly illuminated at every window. Near the Club there was an immense crowd! The street cars couldn't pass, and it was difficult for the men to bring the carriage to the Club doors. There, I stood up – and the cheers were prodigious as I entered the Club! Ah, but I'll have ye know – there was no such a thing as a piper!

I mentioned the country picnics. You know, the country picnics were an electioneering device, and after only two years they succeeded admirably: they got us Liberal-Conservatives re-elected! They started in 1876, and the first one was held on the first of July, the ninth anniversary of Confederation. The Toronto Association of the Party, together with the Northern Ontario riding, met at Uxbridge. I was invited to come and address the crowd. On Saturday, the first day of July, at half past eight in the morning, a special train of the Toronto & Nipissing Railway pulled out of the Berkeley Street Station for Uxbridge. There were about three hundred and fifty Toronto men aboard, with their families (ladies and children!), and it looked a bit like rain. We who were the special guests had a carriage at the end of the train – our caboose. First class! Beautiful! Deep rose carpet, with fine walnut fittings and furniture!



The Dominion of Canada Day Luncheon was addressed by Sir John A. Macdonald, as portrayed by the actor Robert Christie

Agnes was with us; John Beverley Robinson, the member from Toronto West; and all the officers of the Toronto Liberal-Conservative Association. Charles Tupper and William McDougall were driving over to Uxbridge on the concession roads, for they were campaigning in Ontario South; and of course from all about, families came by carriage or wagon to Uxbridge. We arrived there about eleven o'clock. At the station there was a local reception party and two brass bands playing away: one had come up from Markham! Surrounding the station was a mass of people. There were a few speeches of welcome and I replied, and then we all set forth in carriages, with the horses and harness shining in the sun, and with the massed bands playing as they marched under triumphal arches that said "WELCOME" and "VICTORY," all the way to Elgin Park on the other side of the village.

People had come from far and near to foregather for the picnic party. Here were long tables with crisp cloths, loaded with both substantials and delicacies. Cold sliced chicken, ornamental tongues, hams in aspic, melon souffles, red mounds of strawberries, elaborate mounds of flummery, and chocolate russe, tipsy cake and pound cake, piles of tea cakes, and cheese cakes, great misted jugs of lemonade or raspberry cordial, and clusters of bottles of wine. It was high noon, and there was an hour for lunch.

I went around among the people, snacking away, gossiping, shaking hands – there were many I knew and remembered. I had a word for everyone – young barristers off the train, farmers off their wagons in their sagging best blacks and rusty top hats, the wife of the harness maker at Port Perry in her snuff-coloured taffeta gown with bustle and golden brown satin trimming, boys in broad-brimmed boaters, wee girls in two-piece costumes with taffeta bows and fringes, and babies to kiss in their long embroidered gowns – the people of Ontario! The people of Canada, the new country! Nine years old!

Well, I made a speech, and other people made speeches. Tupper was hoarse from making speeches for weeks, but he croaked away! And it didn't rain – until after we'd finished. I told a few stories, I rambled away, I treated interruptions as if I expected them! And I told them all quite simply that the great question before the country was: "What is the best means to relieve it of the existing commercial depression; and that there was no use looking to Mr. MacKenzie because he was a free-trader!"…and so on.

Well, the picnics were a success for two summers and got us Liberal-Conservatives re-established as the government of Canada. Their value had been proven at once at Uxbridge. There was a by-election immediately on July 5 at Uxbridge, and the two Gibbs brothers, our candidates, were triumphant – there was a gain of eighty votes in Uxbridge alone. Most important, we had discovered our theme – "Relief of the Depression by a Change of Fiscal Policy" – and our method – "The Political Picnic." By the end of the first summer the Grits were trying competition picnics of their own – we were flattered!

I finished at last: my summer tour. I was tired, and I settled down with Agnes for the fall and winter in our new house on

St. George Street with University College nearby, and the open countryside to the north and west!

After the second summer of picnics – Lindsay, Barrie, Owen Sound, Dundas, Glengarry, and Victoria Park, Scarborough, with steamers every half hour direct to the dock from Toronto and up and down the lake, and special Grand Trunk excursion trains from Grey and Bruce and Lake Simcoe, and goodness knows where! – after the second summer and nearly a full year of turmoil in the House in Ottawa, Parliament dissolved in August for a September election. Now our work was really cut out for us.

I went about electioneering in the Kingston riding. On the night of 17 September '78 – when the first returns began to come in – I found that Alexander Gunn had defeated me in Kingston. In Kingston! And for the first time in thirty-four years, I was deserted! I was desolate. I was defeated.

But then, within a few hours, my defeat became victory – national victory! Throughout the whole province, the whole country, there was an avalanche of votes. I had sworn to defeat the Grits and we had brought about their complete downfall! I had revenged the defeat of 1873. But I'd lost Kingston!

The defeat of '73 – what had caused our defeat five years ago? Well, the answer is the Pacific Scandal, the damnable accusations of the Pacific Scandal! Do you remember? When British Columbia joined the Confederation we made a contract to have a railway built to the Pacific? Within ten years, 1871 to 1881? At the beginning, there were two competing business syndicates that applied for this huge task: David MacPherson's Inter Oceanic Railway Co. from Toronto, and Sir Hugh Allan's Canadian Pacific Railway Co. from Montreal. Now you see, MacPherson was allied with Charles Brydges of the Grand Trunk Railway, and Allan was head of his own steamship company: the Allan Lines. Besides, Allan was President of the North Shore Colonization Railway and he'd had experience from having been involved in the building of the Northern Pacific Railway, just over our border in the northern United

States. He'd had experience; but several of his major associates were American. We endeavoured to encourage the two men to unite, giving up all American association. They both refused. So, it was one or the other, and neither seemed to me to be just right. . . it was unfortunate.

But a decision had to be made, and Sir Hugh Allan's syndicate, the Canadian Pacific Railway Co., was chosen – and asked to submit its preliminary proposal. Allan was senior in age, experience, and international prestige (Montreal). MacPherson was a good friend and a good Conservative (Toronto), but his initial proposals suffered greatly, in comparison with Allan's. So Allan's company was chosen, provided he give up all American associations. Allan agreed to this. But while he was ostentatiously conforming to the all-Canadian concept, he continued secretly in close connection with his previous American friends! A tricky and unsatisfactory situation, which culminated on New Year's Eve 1872.

Waiting in my ante-room to wish me a Happy New Year was George McMullen, the proprietor of the *Chicago Post*, major shareholder in the Northern Pacific, the principal American associate of Sir Hugh Allan. He stayed in my office for two hours discussing Allan, coldly outlining the relationship the Americans had had with him, describing his errors, of omission and commission, on a positively gigantic scale; revealing his incredible indiscretions and incredible duplicities, dishonesty, and impertinence! How he had demanded of McMullen $343,000! Which he claimed he had paid out to ensure his election to the Presidency of the new railway, from which the Americans were to be excluded – oh, much much more! And all this proven in sheaves of documents and letters which he shook in my face! I could not help it – I sympathized with the man. But then he continued – he seemed to believe that the Canadian Government was implicated in the matter!

How? What did he mean? I could find nothing to say.

He stated his demand: Allan's agreement with his American colleagues had to be honoured, or Allan's name must be removed from the new company. Well, I was staggered and said so. McMullen became very unpleasant indeed. He would have his way! "Pay up, or the public will know all the facts!" and he rattled his bundle of papers at me.

I asked for time – time to consult! He argued, then acquiesced and left. Blackmail! When I talked with Allan, I found he had had the same treatment, "Pay up – $240,000!" Blackmail all round. McMullen returned once, with a friend, made the same demand of me, and left – ominously! Finally there was a letter – "Sir Hugh Allan came to us. We did not go to him. We did nothing!" – and fortunately there was no more morbid visitation. Allan went off to England with his solicitor, J.J. Abbott, to seek investment money.

While Abbott was away, one of his employees (who knew what he was doing!) visited certain of the files in Abbott's office and delivered papers he found there to the Grits, for use in the House. On the second of April 1873, Lucius Seth Huntington, member for Shefford in Quebec, rose in the House to move the appointment of a select committee of seven persons to investigate two charges. One, that the Canadian Pacific Railway Co., ostensibly Canadian, had been financed with American capital; and two, that its president, Sir Hugh Allan, had advanced very large sums, including American money, to the Canadian Ministers in aid of their elections, and in return they had promised the contract for the construction of the railway.

I didn't know what to say or do! What was his game? I said not a word and imposed silence on all my party, and in the division, Huntington's motion, regarded as want of confidence, was rejected by a majority of thirty-one – our largest for that term.

But a reply was necessary – and I moved appointment of a committee from both sides of the House. I had no idea how best to handle the situation! Well, things muddled along until mid-July (from the beginning of April 'til mid-July!), and then my apprehension was justified. Another thunderbolt – July 18, 1873.

On the front pages of *The Globe*, the *Montreal Herald*, and the *Quebec L'évenement*, a new revelation! My telegram from nearly a year ago, before the August election of 1872.

I had flung my campaign money across Ontario with reckless generosity and I requested of J.J. Abbott, well-known to be Sir Hugh Allan's solicitor, by telegram: "Immediate. Private. I must have another ten thousand. Will be the last time of calling. Do not fail me. Answer today." Electioneering! The money came by return. It made the total of $45,000 I had had from Sir Hugh Allan.

It was one of those overwhelming misfortunes they say every man must meet once in his life. At first it fairly staggered me. It was an unavoidable and immediate political disaster. I did everything I could. I even made a speech in the House that lasted five hours.

> I leave it to this House with every confidence. I am equal to either fortune. I can see past the decision of this House, either for me or against me; but whether it be for me or against me, I know (and it is no vain boast for me to say so, for even my enemies will admit that I am no boaster) that there does not exist in this country, a man who has given more of his time, more of his heart, more of his wealth, or more of his intellect and power, such as they may be! for the good of this Dominion of Canada.

But we were lost, and we sat in the House, in quiet opposition, for five years. We let the Grits have their way! And on their way they lost it!

It was the picnics that brought us back, and I've told you about that. The Governor General, Lord Dufferin, welcomed me back, and we built the CPR after all, "Stand fast, Craigellachie!" fulfilling our contract with the British Columbians. A little late, of course, but it was a better job because of that!

And it took us only five years. Imagine!

Oh – I wanted to say one more thing.

You know, perhaps, that in Toronto, on the seventeenth of December 1884, at a demonstration to celebrate my forty years in Parliament, in the middle of my speech, a voice rang out. "You'll never die, John A.!" I can't help wondering how amazed that voice would be if, indeed, he *knew* how *true* his words would be!

The appreciation of the audience was expressed to Sir John and his *alter ego* Robert Christie by the co-chairman, Brigadier General Reginald W. Lewis, Vice Chairman of The Royal Commonwealth Society (Toronto Branch).

BGENERAL LEWIS:

Mr. President, distinguished guests. Sir John, here we have you, one of Scotland's famous sons, and to push home a Scottish point, you are accompanied by a piper from Toronto's 48th Highlanders, a regiment of great distinction and many accomplishments, and, may I suggest, with just that right touch of Highlander arrogance. As a mere Sassenach, I am quite intimidated by the presence of yourself and the piper from the 48th. The Scot's self-assurance is quite frightening to such as myself. Let me illustrate my point.

There was a travelling circus touring Scotland that owned a gorilla. He was their pride and joy, but he pined for his African forests, and when they set out on a tour of the Highlands, he lay down and died. The circus men did not think it would do to arrive in Inverness with a dead gorilla, so in the pass of Drumochter, in the middle of the night, they left the poor creature in the ditch.

Early next morning along came two ghillies, and stopped short at this foreign apparition.

"Whit like is this, Angus?" said one.

The other took off his bonnet and scratched his head.

"I'm not rightly knowing, Donald," he said, "yon's no red enough for a MacGregor."

"Aye, Angus, but a Campbell would be blacker."

"Ye're no thinking it's a MacAulay, are ye, it's unco big for that."

So they puzzled each other, until at last Angus said: "I'll tell you whit way it is, Donald, we'll juist awa' ben the Hotel and speir if ony o' they English visitors is missing."

Well, Sir John, you are in remarkably good shape for a chap who has been dead for ninety-two years. But we are fascinated and delighted with your reincarnation so as to be with us today to reminisce upon your life and time.

Perhaps you look so well preserved because of the pickling process you are famous for. Indeed when I saw the glass on the table by you I was curious as to what you were drinking. Why are we so curious? Well, many are the tales told of your prowess both as a politician and a tippler. For example, it has been told that you appeared on the same platform as your principal political opponent. As I understand it you had consumed quite a great deal of drink and while your opponent was speaking you were violently sick in full view of the spectators.

Your opponent, feeling his victory was now assured, cut short his speech and sat down. I am told, Sir John, you were not yet beaten and after a moment's pause staggered to your feet and said: "I apologize, ladies and gentlemen, but whenever I hear that man speak, I can't help being sick."

It is such legendary stories that give an uncommon person such as yourself the common touch and allow you to be known as a man of the people.

Sir John, I don't know whether anyone has filled you in, if you will pardon the expression, but you died in 1891 and it will probably come as no surprise to you that you were buried in Kingston, Ontario. To discourage souvenir hunters of the time, the government had to keep soldiers on guard at the cemetery for a month after you were buried. I have never been quite sure, Sir John, as to whether that was to keep the souvenir hunters out or you in. People still visit you there and while in Kingston take the opportunity to visit Bellevue House, a former residence of yours, which is now maintained as an historical site housing artifacts of your career.

Since you left us, Alberta and Saskatchewan have joined Confederation (in 1905) and Newfoundland became the tenth province in 1949, thus completing the work that you began.

We have had three wars; the Houses of Parliament were partially destroyed by fire in 1916, no doubt to the delight of many Canadians; the first woman was elected to the Parliament of Canada in 1921; and in 1967 we celebrated the one-hundredth anniversary of Confederation, at which time Queen Victoria's great-granddaughter, our Sovereign Queen Elizabeth II, addressed Parliament.

We have had our own national flag since 1965, our own national anthem since 1967, and our population has risen from the 4 plus million of your day to about 24 million now.

And, on a note of propaganda, Sir John, if you were to make your visit to Toronto next year rather than this, instead of the town of 170,000 people of your time, you would find a city of 646,000, part of a metropolis of almost 2.2 million. Toronto would be celebrating its 150th anniversary, its sesquicentennial, and next year you would find other distinguished visitors: our Queen, the Pope, many of the tall ships will be here, the Toronto International Festival of Music and Dance will take place, as will literally hundreds of other celebration events. Do come back for it.

Sir John, the members of The Empire Club of Canada and The Royal Commonwealth Society have been much honoured by your presence here today, and we are delighted that you have chosen your reincarnation in the person of Bob Christie, a most distinguished, accomplished, and entertaining actor.

On behalf of all here today, I thank you as well as the Queen's Own Rifles of Canada and the piper of the 48th Highlanders of Canada for making this such a memorable celebration of the founding of our Dominion of Canada.

Dinner

in Honour of
The Honourable Don Jamieson
Canadian High Commissioner to the United Kingdom

Wednesday, 21 September 1983

PRESIDING
Brigadier General R. W. Lewis, C.D.
President
Royal Canadian Military Institute

GRACE
The Very Reverend Ernest M. Howse
S.T.M., PH.D., D.D., D.LITT.
Honorary Chaplain – The Empire Club of Canada

LOYAL TOAST
His Excellency The Right Honourable
D. Roland Michener
P.C., C.C., C.M.M., C.D., Q.C.
Former Governor General of Canada

TOAST TO CANADA AND THE COMMONWEALTH
Mr. Douglas L. Derry, F.C.A.
President – The Empire Club of Canada

INTRODUCTION OF THE GUEST OF HONOUR
Sir Arthur R. T. Chetwynd, BT., K.C.L.J.
Chairman – The Royal Commonwealth Society
(Toronto Branch)

GUEST OF HONOUR
The Honourable Don Jamieson
Canadian High Commissioner to the United Kingdom

APPRECIATION

Major General B.J. Legge

C.M.M., K.ST.J., E.D., C.D., Q.C.

Chairman – The National Council in Canada

The Royal Commonwealth Society

SEPTEMBER 27, 1984

Responsible and Prudent Economic Policies

AN ADDRESS BY
The Rt. Hon. Margaret Thatcher, M.P.
PRIME MINISTER, FIRST LORD OF THE TREASURY AND MINISTER FOR THE CIVIL SERVICE OF GREAT BRITAIN

CO-CHAIRMEN
The President,
Douglas L. Derry, F.C.A.
and
George D. Butterfield,
The President of
The Canadian Club of Toronto

INTRODUCTION OF GUEST SPEAKER
The Hon. William G. Davis, P.C., Q.C.
Premier, The Province of Ontario

MR. DERRY:

Your Excellency, Your Grace, Prime Minister, Mr. Premier, Mr. Minister, members and friends of The Empire Club of Canada and The Canadian Club of Toronto: It is our good fortune today to be able to celebrate a luncheon which is unique in several ways. To my knowledge the demand for tickets to hear our guest of honour surpasses that for any luncheon ever held by our clubs. The capacity of this room is some seventeen hundred people and, in spite of the sale of tickets being restricted to members only, many had to be turned away. This is clear testimony to the admiration of all of us present for our guest speaker. In addition, it is a luncheon at which we are pleased to include among our head table guests the Premier of this province, who himself has addressed each of our clubs on a number of occasions. While the attendance at his luncheons is always strong, I would have to say, Mr. Premier, that you have come up against stiff competition today!

As always, it is a pleasure to welcome our Premier to address us, and it is a particular pleasure to now ask the Honourable William G. Davis to introduce our guest speaker.

MR. DAVIS:

Mr. President, Madam Prime Minister, My Lord, High Commissioners, Mr. Consul General, Mr. Chairman of Metropolitan Toronto, Mr. Mayor, ministers of the Crown, federal and provincial members past and present and those who would like to be in the future, and ladies and gentlemen: I must confess to you, Mr. President, that it does not upset me one bit that our very distinguished guest outdraws the Premier of this province when attending either The Empire Club or The Canadian Club. It will only be when my political opponents do that that I will start to get nervous! If, of course, you presume to invite them.

I feel somewhat intimidated, Mrs. Thatcher, by this lectern.[1] I hope that you, unlike myself, have your relevant material on the front of your notes. Sometimes mine finds its way to the back.

I feel very fortunate to be able to introduce to this very distinguished group the Prime Minister of the United Kingdom and to express, both as Premier of this province and in a personal sense, a very warm welcome to Mrs. Thatcher and to her husband. I had the great honour of sharing breakfast with them this morning, along with representatives of the Ontario business and cultural communities, and I want to say to you, Mrs. Thatcher, how delighted all of them were at the exchange of ideas and the explanations of activities within your government. There were one or two there – I would remark on the Editor of the *Sun* – who felt that in some small measure the province of Ontario and its government might emulate one or two. Mrs. Thatcher, you won't know this, but the Editor[2] of the *Toronto Sun* is known in this community as very, very far

[1] The Empire Club uses a plexiglas lectern.

[2] Barbara Amiel, Editor of *The Toronto Sun*, is well known for her right-wing positions.

EMPIRE CLUB

The Right Honourable Margaret Thatcher, Prime Minister of Great Britain, being warmly introduced by the Honourable William G. Davis, Premier of Ontario

to the left. You should never tease editors of papers. I will live to regret that. But, Mrs. Thatcher, one of the reasons I was not only honoured but delighted to be asked to introduce you today was because of my respect for you. Another, just as important, was the respect and affection we have for the institutions and the country that you represent.

We live very close to the United States of America. They're great friends, they're great neighbours, but for those of us involved in public life in this country, we really count among our blessings the traditions of our parliamentary institutions, our systems of justice, and the values that we have received from the United Kingdom. I also am delighted, Madam Prime Minister, because I think there is a tendency in the rather hectic nature of international affairs today to sometimes take relationships for granted. Many of us, as Canadians, are, therefore, encouraged by your visit, a recognition that while we have these traditions in common, we can trace our respective histories to matters of international concern. One appreciates the need to nurture these relationships, to understand that we sometimes take the better things for granted, and your visit to our country, to this province, is encouraging to me, as one who has supported and will continue to support, the very valued relationship we feel with your country.

I think it's also important for us all to understand that, while there will always be differences in outlook, differences in policy matters – I have to be very careful here, Mrs. Thatcher, I'm a provincial premier and I can never comment on international matters. I've never talked about the Olympics, I've never talked about automobiles, I've never done any of those things – we will still have, even with those differences, those important common heritages that we share. I guess I'm known in this province as a great supporter of the monarchy, the Crown, and the system of government that we share. I can tell you that the members of the Royal family are well-received when they visit this country, not just because of themselves as persons but because of what they represent – a system that is not only in keeping with today's environment but one which I think could be emulated in many other jurisdictions.

It is hard to express in a personal way observations about our distinguished guest. Having been in public life for a period of time, knowing something of the pressures of office ... Mrs. Thatcher, you should know that the people in the audience here today not only respect but admire the leadership that you have given not only in the United Kingdom but in the world community. One would have expected the people in this country would have been in support of your initiatives in the Falklands but I tell you it went beyond that. It went beyond the feelings that we have for the United Kingdom and our relationship. It extended to a recognition that here was a world leader who understood what was happening, was prepared to take a position, make a sacrifice, with the knowledge that in the long run any other solution would have been intolerable in terms of the international community. I think it is fair to recall your observations to the House of Commons and to the Senate yesterday as to the need to maintain our vigil, to understand the responsibilities of NATO and that alliance, as to the fact that there is something rather special in the western world, in the western democracies. Madam Prime Minister, we respect you for what you said to our combined Houses yesterday.

I must also say, on a more personal note, I always have great affection for former Ministers of Education who have achieved high public office.

And so, ladies and gentlemen, it is an honour for me to introduce to you, not only a distinguished lady, not only a person who is head of government, but one who is maintaining for all of us in the world community a sense of stability, a sense of courage, but most importantly, a real direction of leadership.

Ladies and gentlemen, I introduce to you the Right Honourable Margaret Thatcher, Prime Minister of the United Kingdom.

MRS. THATCHER:

Mr. President, Your Excellency, Your Grace, Premier Davis, Mr. Mayor, ladies and gentlemen. I am very grateful to you, Premier Davis, for your kind and generous remarks. I agreed with so much of them; that would be no surprise to this audience. I am here because we don't take relationships for granted. I agree that we share ideals, we share institutions, a respect for the rule of law, a similar character, and that we know we're very specially privileged to enjoy all of these things. We are members of the same family and even families have to keep in touch and that's exactly what I'm doing today. And I am also very grateful to the Empire and Canadian clubs for giving me this opportunity to address you. Now, as you know, I had the pleasure of addressing The Empire Club in 1975. Any speaker will tell you it's a compliment to be invited to speak to an audience once but it is a far greater compliment when your audience has heard you once and invites you to speak a second time; and then to bring their friends in the Canadian Club along as well! I must tell them at home that this was a record attraction; it might help, you know!

May I say how pleased I am as well to be back in Toronto, this great city in Ontario. I understand that next year is the two-hundredth anniversary of settlement in Ontario and the one-hundred-fiftieth of Toronto as a free city, and I understand also that the Empire and Canadian clubs are celebrating those anniversaries by having women as their presidents. My, my, things are moving. So have a marvellous year.

Even during this short visit it is clear to me that life has been very good to Toronto since I was last here. The dramatic changes in the Toronto skyline, I think, spell the message of success and prosperity, even to the most transient visitor and I congratulate you all on that success. Mr. Premier, it's witness not only to the right policies but to the initiative and leadership of so many who are in this room today.

So here I am, in the heartland of the Canadian economy and in the province of Ontario, which, as some of you heard last night when I trotted out the statistics, produces 40 per cent of the gross national product of Canada and 50 per cent of her manufactured goods.

I want to talk to you today about responsible and prudent economic policies within countries, responsible and prudent financial policies between countries, and about some of the issues which affect Canada and Britain. I thought it might be appropriate if I spoke about these things today and spoke about economic matters. When I chose to do that I didn't know you were going to have Professor Galbraith along next time, but I am jolly glad that I will be able to get my word in first.

Now, yesterday, in Parliament, I spoke about our great tradition of political and personal freedom and what we need to defend it. But economic freedom also has to be defended. It can be sapped insidiously and sometimes from the best of motives. Indeed, one of the hardest things in the world is to stand tall and to shoulder one's own burden; one of the easiest is to succumb to the temptation of believing that the state, that kind of imaginary mother-figure of our age, will be able to provide for all, to protect us from all harsh reality and to shoulder our burdens. And for some, that belief is especially seductive because so much of what modern states are called on to provide are the legitimate aspirations for every family, better education – you and I, Premier, know exactly what that means – better health services, better protection against poverty and sudden misfortune. And some provision is rightly made for all these things by every government. But the mother-figure can so easily end up not succouring but suffocating. And then energy is sapped, then initiative is stifled, and then enterprise is destroyed, and what started as a help can end up as a hindrance, can end up as an obstacle to the acquisition of the very things which it intended to provide.

So many of the older developed industrialized countries have trodden, and, indeed, are treading this path. Britain most certainly has, but so have many others. And we've had to learn the lesson that a higher standard of living comes not from the state but from our own endeavours. And we've had to find a way which enables our people, singly and together, to put forth their maximum effort, which rewards success and which thus encourages them to do even better, and I want to talk about some of the factors of national finance which can act as a background to help people to put forth their own maximum effort, and some of the things that we should do and some of the things that we shouldn't. And I think many people here will agree that the huge share of the nation's income absorbed by government is really at the heart of our problems. Not just in the United Kingdom but in most other advanced countries as well, that share has increased year after year, so gradually that we've hardly noticed it happening, and as the state takes more, the private sector has to make do with less, and yet it's the private sector that produces the wealth to support the public sector. And we can't long sustain a situation where less and less has to support more and more; that way lies disaster. At home I've had to make it very clear that the state must never become a substitute for personal responsibility or for private initiative.

It is a tendency for those who represent us in democracy to make greater and greater demands for expenditure on certain very, very well worthwhile things. The trouble is that the tax bill comes in and then you so often know that it has deprived the private sector of the very investment they would need to expand and to create the new wealth which we all need for a higher standard of living and for jobs for our young people. And so government has to be very careful about the amount of public expenditure and its proportion to national income. In the United Kingdom we've at long last begun to reverse the trend. Our plans for public expenditure this year are to fall as a proportion of our national income. Next year we intend public expenditure as a proportion of national income to fall further. I believe I shall still be there and therefore I believe it will.

You'll be very well aware, both at the top table and throughout this audience, that inflation, interest rates, levels of taxation are all part of this complex problem. We have made great progress in inflation; so have you. It is very well down. Some progress, but not enough on interest rates and less than we would have wished on reducing taxation. In the last Parliament, because we believed that we had to set out to check the balance between the citizen and the state and that it needed correcting in favour of the citizen, we transferred from the public sector into private ownership companies like Cable and Wireless, British Aerospace, Britoil, The National Freight Corporation; we're ending the monopoly in the telephone industry and the commercial postal services. We encourage the public services to contract work out to the private sector whenever this helps them to cut costs and operate more efficiently. This may seem natural to you; I had to take over a country where the public sector had got far too big, where politicians had to run state nationalized industries and where the time had come really to reverse the trend and put more responsibility and initiative back to the private citizen.

Now I want to see further progress on all these fronts during my second term as Prime Minister and even more during my third. But we shall persist. You know, in life it's easy to start something – the great test is whether you can stick at it for it really to succeed.

I spoke a moment ago about reducing taxation. I said that we haven't got far enough, as far as we would have wished in reducing personal and company taxation. There was another way in which we could have done it and it was a way which I rejected and I'll tell you why. It would have been possible to reduce taxes by increasing public borrowing, but I believe that government spending should be financed largely from its revenues and that government should not resort to substantial and persistent borrowing, whether from overseas or from their own people. This is a sound principle of finance. Too much borrowing has been the undoing of many a good business. And yet, even though we follow those policies of sound finance, and even though they seem to be working as nothing else could have done, we continue to hear the siren call that urges both to spend more and, at the same time, to tax less. And those voices tell us that if we do that, then investment and savings, output and employment will all increase. To make it sound a respectable policy they call it *reflation*. All it leads to is higher inflation and higher interest rates and it therefore stops the recovery and ultimately would lead to higher unemployment.

Now, Mr. President, throughout history, clever men – not all of them rascals, but none of them businessmen – have tried to show that the common sense principles of prudent finance don't really apply to this government or that institution, to this business or to that household. Not so; they always do, and especially to government. In the real world large and persistent government deficits haven't produced any cornucopia of full employment or rapid growth. On the contrary, we've seen country after country with substantial deficits run into serious problems of financial crisis and inflation. And to whom do they then turn? They turn to those countries and institutions who have persevered in prudent policy.

And just as sound finance is vital for households and government, so also is it the essential principle of international finance. I hope that I am not telling you everything which you know, but I have been in politics too long not to know how tempting the plausible half-truth is and long enough to know that it won't work, that it is only prudent and sound financial policy that will give you low inflation, lower interest rates, and the basis for a good, healthy, expanding economy.

But we have one or two very serious problems in international finance of which you will be aware, and some of those have arisen also because the wrong principles have been followed, and I want just to have a word about it because there have been voices recently, anxious about the volatility of the world's exchange rate, about the great accumulations of international debt, who've argued for a new Bretton Woods Conference. I don't believe that a solution to those problems of international debt or the exchange control will be found by looking for a magic formula for the world financial system or by looking for new institutions or new instruments. They'll only be solved one way and that is by following the right policies.

Now, you know what happened. Over a period, especially in the late 1970s, a number of major countries borrowed substantial sums to finance their industrial investment. They weren't the poorest developing countries; in most cases they had economies with considerable natural resources and often good records of industrial growth. And they were also at a stage of development where it is normal to import capital from abroad, and that is a very healthy trend. The process whereby investors in one part of the world finance profitable investment elsewhere is a fundamentally healthy one and we should all welcome it. What happened, then, in those 1970s? It's clear really that the lenders went too far and lent too much and that many of the borrowers' plans were over-ambitious. The lenders, some of them, misjudged the risk, and then the borrowers were left poorly placed to handle the aftermath of the 1979 oil price increase and the rise in interest rates. And the situation was made worse where those countries – both developed and developing – sought to delay the necessary adjustments to their economy and sought to delay the reduction in their budget deficit. And, Mr. President, the longer those things are put off the worse they get.

The major borrowing countries of the 1970s are now putting their finances in good order; the programs agreed on with the international monetary fund. It may be painful but it is the only way to a secure future. I've spoken about those two aspects today, about running a sound finance at home, about applying the same principles to international finance, because I believe that had we done that over the years we should not have the big international debt problems that we have today. We should never have suffered from that terrible inflation which had such dreadful consequences on the savings of so many people and it would have been very much more helpful to most of the economies of the world had we had prolonged periods where governments had pursued sound finance, produced a steady, good, stable background against which industry would then have confidence – confidence to invest for the future, confidence in their currency, and confidence that they could build up new and prosperous industries, because it is you, ladies and gentlemen, who create the wealth, and not the governments which serve you. Premier Davis is going to agree with all of this because we're very good Premiers and Prime Ministers, he and I, and we run very sound economies.

I wanted to talk about these things and I believe it's timely to talk about these matters today because of the depth of the world recession which is bothering us all; because of the tragic unemployment which it has brought in its wake, and the dangers in the world's financial system have greatly increased the pressures on government to intervene to protect their people. Now, that's understandable and we're all of us under similar pressures. And there are some situations in which government must provide protection; unemployment among the young, for example. In Britain we have introduced a scheme to ensure that all sixteen-year-old school leavers who don't go into a job or into further education should undertake some form of training for a year which will give them the habit of work and a skill which will help them to find a job later. I think the worst thing for young people is for them to have nothing to do and to feel that they're unwanted, and we hope that this massive training program, in which industry and commerce has been wonderfuly co-operative, will give them a much better start. And then there's also, you know, the human factor. If companies and small businesses have taken on these young people and the young people have done well, there is a great hope and chance that those young companies, with the very human people who run them, might keep on those young people in more permanent jobs. And there will always be some companies and some industries in special circumstances which make the pressures for protectionist measures very strong. Every country in the world has some such measures; Canada, Britain, the United States, Europe, the developing countries; we've all got some. But, ladies and gentlemen, government must think long and deeply before we go further down that path, because the open trading system has served the world well; it is part of economic freedom and we must resist every encroachment upon it because we shall be poorer if we don't. We all want growth, but we must recognize that much of it comes from new products, new designs, new technologies, and new services. Some old industries will die or their products will be manufactured more cheaply in the less developed economies, and if we try to insulate ourselves from change, if we try to hide behind tariff walls or artificial restrictions, industry will become uncompetitive and that will be bad for all those who work in it. It would also, if we were to do those things, become entrenched in areas of falling growth and areas of no growth and it would fail to take advantage of what is new and expanding.

New industry does bring new jobs; you have seen that in Toronto, I have seen it at home, but it is very difficult to explain to people when they say, where do the new jobs come from? It is very difficult to explain that the new technologies will bring them. Many feared, indeed, that the great development in the electronics and computer technology would destroy jobs. That tends to be the initial effect, but the greater and later effect is to create all kinds of products and jobs which did not previously exist. And already in Scotland, where so many Canadian families have connections, more people are employed in electronics than in the traditional industries of steelmaking and shipbuilding put together.

I want to tell you just how upbeat, up-to-date, a step ahead, some of the British industry is. Two weeks ago in London I inaugurated the Magnus Oil Field which will bring new supplies of oil from seas hundreds of miles to the north of Britain. The big new oil rig uses the largest and heaviest steel platform ever installed in the North Sea; that platform is three times the height of Big Ben – that puts politicians in their places – three times the height of Big Ben, built to withstand winds of a hundred miles an hour, and waves a hundred feet high. It is predominantly British built, over 80 per cent, and I may say it was built exactly on time and, wait for it, below budget. The engineering skill, the technical innovation, the electronic technology incorporated in that platform are absolutely breathtaking and the offshore oil industry which employed only a handful of people fifteen years ago, today provides jobs for over one hundred thousand people in Britain. It is a great story, a great advertisement for free enterprise in Britain.

So we mustn't be afraid to face change. Somebody said – or if they didn't they should have – life does change, that's what makes it different from death.

In these advanced industries there is plenty of scope for Canada and Britain to work together. Indeed, we are doing a lot of work together in space and a lot of work on sending up a new, very advanced space satellite. I warmly welcome the Ontario government's initiative, Premier Davis, in promoting the recent seminar in London which highlighted many of these opportunities, and I would like to see more trade between us. Britain is already Canada's third largest customer, but no doubt you could sell more to us and we could certainly sell more to you. I would also like to see the flow of investment between our two countries, already substantial, grow further. Just as a free movement of trade is good for prosperity and employment, so, I believe, is the free movement of capital. In the United Kingdom we have abolished all foreign exchange control. Indeed, under my government we abolished all income controls, all price controls, all controls on dividends, and all exchange controls and that was the first time for forty years we have been without all of those controls together. We particularly took the plunge to abolish all foreign exchange controls. The Jeremiahs told us that it would lead to a massive outflow of United Kingdom capital to other countries. They were right – it has. And an enduring source of strength to the United Kingdom it will prove to be. The statisticians may call the income from that outflowing capital "invisible income" but there is nothing invisible about the benefit to the United Kingdom economy. And those from outside who invest in the United Kingdom will find the same. There is no restriction on your bringing profits home, there is no control on income profit or dividend now either. We are a very good place to invest. I repeat, Britain is a very good place for Canadian investment. We welcome the technology, the management, and employment which your investment brings and those who have invested in Britain have told me how delighted they are, not only with the access they've obtained to the great European market but also with the co-operation and productivity their management has achieved from the British work force.

Freedom of investment has brought, not, therefore, disaster, as some predicted. Whereas some of ours went out so a lot came in and we must encourage this free flow of capital, this

The Right Honourable Margaret Thatcher being presented with a copy of "The Best Talk in Town" by the President, Douglas L. Derry

free flow of trade; only then are we going to get maximum expansion of world trade and only then have each of us got to see that we get a very good share of it. Freedom of investment has been the springboard to a new prosperity. Anyone who has studied the history of the nineteenth century would have predicted that that's what would happen. Where would Canada have been today if people had not had the incentive, the freedom, and the confidence to invest here?

Mr. Premier, some want to believe that at the end of the rainbow is a crock of gold. Of such stuff are the dreams of some politicians made – "Reflate," says one; "import controls" says another; "exchange control," says another; and "a new Bretton Woods," says another. But they are dreams which fade when the dawn comes and once again we face the realities of the world in which we live. We mustn't delude ourselves into thinking that there is some magic formula, nor must we turn aside from the challenge which the real world poses. That is the challenge, to run our affairs prudently and honestly. The challenge is to exercise discipline, to show wisdom and understanding. They call it "Thatcherism." I must tell you we need more of it. It's not an easy task but if I may quote Lord Halifax, who gave his name to another great Canadian city, he said "Ease is seldom got but with some pains, yet seldomer kept without them." The reward is not only in greater freedom and opportunity to provide for our families, but to enjoy life and all it has to offer, whether our interests be in music and the arts, or in the world outdoors and the preservation of wildlife, or in the conservation of our heritage and all that is best in our common civilization. It is also in the sense of personal satisfaction and fulfilment in a job well done.

It is in that sense and that spirit that once again I come to Canada. That we continue this wonderful, fruitful relationship between Canada and Britain, that I come to renew it. And I thank you once again for the honour of addressing these distinguished clubs in Toronto today.

The appreciation of the audience was expressed by Mr. George D. Butterfield, President of The Canadian Club of Toronto.

OCTOBER 3, 1983

Economic Policy and the Liberal Left

AN ADDRESS BY John Kenneth Galbraith,
WARBURG PROFESSOR OF ECONOMICS EMERITUS, HARVARD UNIVERSITY

CO-CHAIRMEN The President of the Canadian Club of Toronto, George D. Butterfield
and
The President of The Empire Club of Canada, Douglas L. Derry, F.C.A.

MR. BUTTERFIELD:

Ladies and gentlemen: Because of Professor Galbraith's monumental achievements, his enormous influence and his extraordinarily exciting life, it has been said that, if ever Hollywood, or that other aspiring world film centre, Toronto, decided to make a movie about an economist, that movie would be about John Kenneth Galbraith.

If the movie were made in the United States, that movie would unfold with the image of a thoughtful and intellectually curious young Canadian student travelling to Berkeley, California, across Herbert Hoover's America.

The movie would focus on Galbraith the Academic, first as a student and then as a lecturer and professor in the great colleges of the United States. It would show Galbraith the theorist and administrator in Franklin Roosevelt's "New Deal" Washington. The film would explore the birth of the economist's classic works, titles such as *American Capitalism, The Affluent Society, The New Industrial State*, and *Economics and the Public Purpose*. There are twenty-one books in all. There may not be time for this film to delve into them all.

The movie will deal lavishly with John Kenneth Galbraith, the economic wizard in the court of the Kennedys. It will expose the adventures of our protaganist as the American Ambassador to India.

The movie's later frames will feature a crusading philosopher, battling the forces of corporatism, complacency, and conservatism – a man challenging the establishment to be anti-establishment.

But the life of John Kenneth Galbraith has also been contemplated as a Canadian movie. Here, the movie would begin with the story of a young man from Elgin County, Ontario, moulded in the tradition of his father's agrarian radicalism.

The film would follow the young man's career through his earnest education at the Ontario Agricultural College. It will show his six years at OAC attending classes on animal husbandry, field husbandry, poultry husbandry, dairy husbandry, butter and cheese-making, butchering and meat-cutting, agriculture, farm management, agricultural engineering, soil management, horticulture, forestry, surveying, veterinary medicine, and even English composition and plumbing.

The movie will focus on the professors who had great influence on young Galbraith, in particular, the professor of dairy husbandry who explained in a half-term credit course the proper way to put hay in a manger and who exhorted his students to remember that "the dairy cow is the foster mother of the human race," and that "the walls of the dairy stable should be built strongly to support the roof."

The Canadian film will terminate abruptly with the economist's departure south of the border to the United States, where, it will be observed, "he continued to make a contribution."

This movie will be classified as a documentary, its title, *The Influence of the Ontario Agricultural College on World Economic Thought*. In Washington, it will be classified as foreign propaganda, and it will go on to win an Academy Award.

Ladies and gentlemen, the hero of our fictionary American and Canadian movies: author, professor, economist, ambassador – a man, who, I can assure you, will not provide you this afternoon with (to borrow his own famous phrase) "The Conventional Wisdom" – John Kenneth Galbraith.

PROFESSOR GALBRAITH:

Mr. President, ladies and gentlemen: In the last three or four years there have been strongly contrasting movements in the political life of the more mature countries of the western industrial world. The United States has elected, and Britain has re-elected, markedly conservative administrations. So, if less clearly, has Germany. In contrast, France, Spain, Greece, and most recently Australia have moved with varying strength in the opposite direction. Governments in these countries have joined those of Austria, Scandinavia, Canada, and other lands in a continuing commitment to government guidance of the economy, to a wide range of social programs and, in a general way, to greater social and economic equality. We have, it may be noted, no agreed name for governments avowing the policies I have just mentioned. The word *liberal* has a different meaning in the United States and Canada from that in Europe and the rest of the world. References to *socialism* and *social democracy* have similarly a local meaning. I will, somewhat arbitrarily, speak today without reference to any particular party as governments of the liberal left.

My purpose is to consider the policies appropriate to the liberal left, not excluding those that, perhaps optimistically, I would recommend to liberal Democrats across the border. But to be useful, such recommendation must be in the context of the larger world economic scene. This, however, is heavily influenced, if not dominated, by the trend of economic policy and performance in the United States. Recession in the United States has an adverse effect on all of the non-Communist world. Even the Communist countries, as the case of Poland sufficiently reveals, do not escape. That does not mean that other governments can shift the blame to Washington. The government of the day and place is held responsible, and perhaps it should be. All recent administrations in Washington have blamed their shortcomings on the problems they inherited from previous administrations, with ultimate responsibility resting, one must suppose, with Alexander Hamilton. Better that economic policy-makers be held to account for what happens in their own time. It is my major purpose to describe rather than to criticize recent American policy. Such criticism is a local industry best practised at home. For this I have found more than sufficient opportunity.

Recent economic developments in the United States must be understood as the product of a dramatic clash between avowed conservative theory and present economic and social reality. And the latter is by way, at least temporarily, of winning. There could be a reversion to the conservative faith after the next election; none can doubt the ability of the ideologically committed to rise above experience. But for the moment, circumstance is ascendent.

The present administration came to power in Washington with a devout commitment to three economic principles. All three are now in abeyance. The first was *supply-side doctrine*. This held that there was a diminished level of performance in the American industrial system; the cause was undue taxation in the upper brackets of personal and corporate income and undue social and economic benefits in the lower income brackets. The rich, it was held, were not working and investing because they had too little income; the poor were not working because they had too much. Following this line of thought, if such it may be called, the administration in its early months enacted large reductions in personal and corporate income taxes with major absolute effect on the affluent and curtailed, where it did not reduce, outlays for social programs with primary impact on the poor. Complementing this action was a general movement against public regulation, which, it was held, was contributing to a general sclerotic tendency in the economy. Notably at issue was regulation protecting consumers,

John Kenneth Galbraith and George D. Butterfield,
President of the Canadian Club of Toronto

workers, and the environment. There was hope that the tax and social expenditure reductions, combined with the regulatory reform, would so reinforce economic incentives and so invigorate economic activity that the resulting expansion in the economy would bring a more-than-offsetting increase in public revenues.

The second commitment was to the ancient and, indeed, all-but-sacred principle of *fiscal conservatism* and the *balanced budget*. Few names in the lexicon of American conservatives have been so inimical, even subversive, as that of John Maynard Keynes. He has rivalled in obloquy Marx himself, with the additional effect of being a much more nearly present danger. The essence of the Keynesian error was the acceptance, even advocacy, of a deficit in the public budget under conditions of high unemployment. For years every

Republican candidate for major office made a fervent obeisance to the principle of the balanced budget. No pre-election promise of the present administration was so firm, even insistent.

The third commitment was to a strong, astringent *monetarism*. The money supply would be rigorously related to the growth in economic output. Not before in American history has a prophet been so devoutly acknowledged by an administration as was Professor Milton Friedman by that of Mr. Reagan. Professor Friedman's leading disciple, Beryl Sprinkel, came to the Treasury to have charge of monetary affairs. Mr. Paul Volcker at the Federal Reserve was felt to be a firm ally. The monetarist design, to be sure, had previously been tried in Chile, Israel, and Britain. In all, the pain had been severe or, as in Israel, where not severe, ineffective. From all, Professor Friedman, with a skill it is hard not to admire, has undertaken to detach himself. All, he holds, have applied his policy imperfectly or with incompetence. Their experience should be ignored; the United States would be the truly valid test.

The supply-side economists were the first to disappear from the American scene and, as a practical matter, from positions of responsibility in the government itself. There was a problem of plausibility. Few could believe that corporate executives, the decisive figures in the modern business enterprise, were relaxing in idleness or desuetude because of their tax bracket. Or that the poor preferred welfare benefits to a job. Or that tax relief to wealthy individuals had much to do with investment by corporations, a point made many years ago by Keynes. Then came a commendable exercise in candour. Supply-side economics, Mr. David Stockman, a distressingly senior economic officer in the administration, conceded, was really a cover for reducing taxes on the affluent. It is not possible in any democratic country in our time to urge forthright measures for the relief of the rich; that is thought politically too crude, even a trifle obscene. Some higher social purpose must be affirmed; incentives must be strengthened, incentive being the modern code word for returning more after-tax money to the affluent. That tax reduction was the real purpose of supply-side economics is now accepted by all whose detachment from concern for personal well-being allows a minimal clarity of view. That, of course, is not everyone. We must always respect the ability of the affluent to adjust economic belief to personal income enhancement.

The supply-side tax reductions, along with the large increase in military outlays, combined to produce the next reversal of policy. That was the abandonment of the balanced budget, the reversion to Keynesian deficit financing in a magnitude that must be a source of wonder to Keynes himself from wherever he watches. Deficits that range upward from $200 billion are now solidly in prospect for the relevant future. And, with a mental adaptability not often previously manifest, even the most confirmed conservatives in the administration have declared themselves in favour of deficits. At worst, such deficits do not matter; at best, they are quite benign. Not for months now has any high Washington official made even a routine liturgical gesture to the balanced budget.

Further and finally and most important of all, the commitment to Friedmanite monetary policy has been abandoned. Here came the clash with harsh reality. The experiment with monetarism is now complete; the results are clear and not seriously subject to dispute. Never resolved was the continuing grave doubt as to which of the several monetary aggregates should be controlled – the problem as to what is money in the modern economy. Unresolved also was the question of whether the particular monetary aggregate selected for control, and notably M1 or currency and bank deposits subject to check, could, in fact, be controlled. Large random fluctuations continued to occur with the further possibility that velocity was far from constant. But clearest of all was the consequence of the effort at control. That, without doubt, was a marked reduction in the rate of inflation. High interest rates, the operative instrument of the policy, suppressed producer investment and consumer purchase. The price effect came from the resulting massive unemployment, the major reductions in plant utilization, a record level of small business failures, special suffering in the so-called credit-sensitive industries, and a strongly adverse effect on agriculture. We learned what some had long urged: monetary policy works against inflation in the modern highly organized economy only as it produces a major recession – or depression.

So, along with the supply-side vision and the balanced budget, the monetarist effort has also now been abandoned. The monetary aggregates have been allowed to increase greatly in recent months. Administration policy-makers have openly urged the Federal Reserve to stay its hand. Professor Friedman has now added his own country to the impressive list from which he has found it necessary to separate himself. Of the American policy, he now says, "If this be monetarism, I am no longer a monetarist."

With the reversal of the policies with which it came to power – specifically, with the abandonment of monetarism and the new commitment to heavy Keynesian deficit financing – the administration has arrested the economic decline that its earlier monetarist enthusiasm induced. Instead a substantial recovery seems now in progress with consequent world effect. For this, needless to say, I give the administration credit. The policies that it has now reversed are those which, in company with others, I have most criticized. A special grace always awaits the reformed sinner. Perhaps we could have had a more contrite confession of error, a more strenuous affirmation of new intention. But that, no doubt, is asking too much.

There is also a new tenet of policy which, if the recovery continues, will be a source of grave trouble in the United States and, by resonance, to the governments of the liberal left. We are presently operating in the United States with the peristalsis theory of inflation. This holds, by analogy to physiological process, that once inflation has been extruded from the economic system by a sufficiently painful application of monetarism – the economic and oral equivalent of a major dose of castor oil or epsom salts – it is gone for good. Flushed away. There can then be American and world recovery without danger of inflation. This is egregious nonsense. If monetary policy remains relaxed, if the deficit continues to exert an expansive Keynesian influence on the economy as higher employment and plant utilization levels are reached, inflation will resume. Of that we can be perfectly certain. In consequence, there must be in place some acceptable alternative to a new resort to monetarism with its return to unemployment, idle plants, and recession as the remedy for inflation. As in the United States, so in other countries, a subject to which I will return.

Such is the American context with its large external influence on capital movements, interest rates, international trade effects and, not least, its role as a compelling recent lesson in economic policy. I turn now to the policies of the liberal left as they emerge in this context. But first let me deal with its traditional concerns.

The traditional social and economic concerns of the liberal left remain valid, compassionate, and essential. They derive from the fact that capitalism in its original and pristine form had major manifestations of social cruelty and major areas of economic failure. So it was, even when modified by trade union organization. The pristine system was notably indifferent to the social and economic needs of the young, the old, the ill and the handicapped, the unemployable and the unemployed. And, except as modified by public action to support prices, it was nowhere acceptable to particular industries, the outstanding example being agriculture. Additionally it did not maintain reasonable standards of safety in mines and factories; its external diseconomies were increasingly adverse to the environment; its products were, on frequent occasion, inimical to the health and well-being of the consumer.

Further, in all countries capitalism has proved incapable of performing certain industrial tasks. The most notable being provision of lower-cost housing, urban transportation, rail transportation, hospital and health care – these along, needless to say, with the conventional functions of the state.

It has been the special concern of the liberal left to mitigate the cruelties of the system and to perform, even welcome, the tasks in which the system is in default. This has been persistently controversial. Those opposed have rarely if ever admitted to the true source of their objection, which is, extensively, the fear that these measures will be at pecuniary cost to themselves or to those on whose votes and political support they rely. Instead it is averred that these welfare measures are a burden on economic activity, damaging once again to the incentives of the rich and poor.

There must be no tendency on the liberal left to retreat on the services and functions that give this position its name. Nor should it fail to identify the motives of those who oppose. Let us agree that it is a perfectly plausible political aim to want more money, including lower taxes for one's self and one's supporters. Let this be said; we are old enough to bear the truth. But let it be also made clear that the modern structure of social services is essentially conservative in effect. Capitalism would not have survived in the absence of their compassionate and ameliorating role. Revolutionists going back to Marx have correctly identified the menace of reform. And, above all, let us be resistant to the aberrant argument that these measures are adverse to liberty – the freedom to choose. Great tears are shed for the loss of liberty of consumer choice proceeding from any, even modest, reduction in the income of the affluent. No one mentions the far greater increase in liberty that is inherent in a modestly reliable income for the poor. Nothing is so resonant as the adverse effect of safety or environmental regulation on the liberties of the business enterprise. Little is said of the liberty associated with health and life itself.

I have a few additional observations on the role of the liberal left in the compassionate services of the state. Having built the regulatory and welfare structure over the last seventy-five years, we must recognize that there is now both a qualitative and a quantitative change in the nature of the task. When something is built, it is built; thereafter one proceeds to improvement, refinement, and accommodation to change. So with our public welfare and regulatory systems. There are rough corners still to be smoothed. And, as notably in matters of environmental protection and consumer and worker safety, there will always be new dangers to confront. But the age of great social innovation is over.

Instead there is need for much stronger effort to improve administration. We live in an age of large organizations, public and private. In neither the capitalist nor the Communist world has the problem of managing great organization been solved. We are recognizing at long last in the United States that the performance of the great private corporate bureaucracies is far from optimal. They suffer from a persistent proliferation of white-collar and executive personnel; executive excellence in the modern large industrial enterprise is regularly what most resembles those executives already there; wise policy is what is already being done. It must never be supposed, as numerous conservatives aver, that the administrative problems of the modern public bureaucracy are unique. But they *are* very important. Generally speaking, on the liberal left, we have thought a problem solved when we have achieved the requisite legislation and appropriation. We have given too little attention to the further problem of good and efficient management. This must henceforth be a major concern.

As a goal, *per se*, of the liberal left, public ownership in almost all countries is in decline. Not even the avowed socialist is reliably in favour of much such government ownership. The reason is that, in the modern and generally affluent society, the problem of private ownership is not exploitation but administration – the effectiveness of the management. This problem, all too obviously, remains when the enterprise passes into public ownership. And it is this – administrative inadequacy and incompetence as well as technical and market obsolescence – which now leads to the demand for public ownership. All the industrial countries, including the United States, now contend with the urgent socialism not of socialists but of modern bankers and industrialists. Socialism now comes when a major industrial or financial enterprise is in trouble. Then, as the late Hubert Humphrey once observed, the Gods come marching in.

All governments, and certainly those on the liberal left, must now have an industrial policy for failing enterprises – one which distinguishes between those that are subject to organization sclerosis and senility and can be saved and those that should be allowed to die. There must also be an efficient design for the financial rescue of those to be preserved. I would further urge that there be an early warning system where, as once in the case of the Chrysler Corporation and now in the case of much of our steel industry, incompetence is palpable. I see no reason why governments should wait for the final disaster before moving in with public funds. There must also, let me repeat, be a willingness to let those industries that have been overtaken by history disappear from the scene. The task for the government here is not rescue but the alleviation of personal and community despair. We are currently having much talk of an industrial policy in the United States. Some of it is by politicians who would like to evade the yet more troublesome questions of macroeconomic policy to which, presently, I will come. But such a policy is necessary in the modern economy – an economy where no one can assume optimal private performance. No policy, I might add, requires a higher level of informed judgment.

I would like also to see the liberal left take a far more concerned position on the industrial-military power in our time – what President Dwight D. Eisenhower called the military-industrial complex. Anciently on the left there has been suspicion of the military power deriving from its service to conservative purpose, its enrolment for service and possible death of the sons of the people at large. This suspicion was never more relevant. Service to corporate interest by the military power remains. The promise of death remains. It has, indeed, been democratized; in the thermonuclear age it is now the prospect for all. The liberal left must address this problem far more directly than in the recent past. It must be especially critical of those who, on coming to power, feel that they must show they are strong and practical as regards military purposes, that they must eschew the soft-headed tendencies which conservatives so stridently and also so successfully attribute to the left. In the United States one cannot doubt that conservatives dislike communism. They have, on occasion, been outdone by liberals who fear even more being thought soft on communism. Nothing must be allowed to soften or dilute concern for effective arms control, to interfere with the civil communication on which it depends. Let it not be thought that this is an issue for the superpowers alone. In the ultimate conflict, if it comes, none will be spared. On this matter all voices everywhere need to be heard.

I return now to the macroeconomic policies that, given the change of course in the United States and, one hopes, in the world economy, I would urge on the liberal left.

As recovery continues – as one hopes it will – there will again in all countries be the problem of inflation. There are basically two forms of inflation in the modern highly organized economy. One, the classical form, derives from the general pressure of demand on prices. The second, equally evident in a world of great organizations, comes from the pressure of incomes on prices and of prices on incomes – the familiar wage/price spiral. That these two forms of inflation cannot, except at unacceptable cost, be addressed by monetary policy is now sufficiently evident from the American experience – an experience which, in all-but-open admission, our present administration accepts. If inflation is unacceptable, as I believe it to be, then the control of demand must be addressed by fiscal policy and the incomes-prices interaction must be addressed by an incomes and prices policy. These two steps are essential. There must, as demand outruns the capacity of the economy to produce, be willingness and ability to use the public budget as a restraining influence on demand. And since, for reasons that I have sufficiently urged, social programs must be protected, this means a willingness to use taxes. (In the American context there is an additional opportunity in military expenditures; these must never be considered outside the sphere of legitimate economic concern.) Few things are politically so inconvenient as the use of taxes for macroeconomic purpose. But for balancing aggregate demand with supply they are the only socially acceptable alternative to monetary policy. A resort to monetary policy is, in every respect, worse. Taxes work against an excess of aggregate demand by restraining consumer demand. Monetary policy works against such excess of demand by restraining investment. It is immeasurably better, in fact, far more in line with conservative goals of economic productivity and growth, to restrict consumption than to restrict capital investment. In talking of taxation as part of an effective fiscal policy, I do not exclude sales taxes, including the value-added tax, a point which I judge to be more acceptable here in Canada than in the United States. In an affluent world the old case of the left against these taxes diminishes, for they no longer curtail physically vital consumption. But there remains a strong case for the use of progressive taxation to restrain demand when this is required. At all points such taxation is superior to monetary policy. Restraint by increasing the level of progressive taxes contributes to greater equality in income distribution. Monetary policy, in contrast, is socially regressive; it favours those who have money to lend, and those who lend money have, as a reasonably obvious rule, more money than those who borrow money. (The notion that monetary policy is socially neutral, though widely accepted by economists, is not valid and has, indeed, important elements of social disguise and evasion. Its service to the financially competent is a major reason for its conservative support.) Progressive personal income taxation does not directly affect investment; the operative effect of monetary policy is through a cutback in business investment. None can doubt that higher personal income taxes evoke screams of anguish from the affluent. Such despair, however, could be a modest contribution to social tranquility, for it shows the poor that the rich are suffering too.

However, more than a strong tax-oriented fiscal policy is required. The incomes-prices interaction, we now know, occurs well below the full-employment level. In consequence, there is a choice between restraining it by unemployment, idle plant capacity, and recession, or doing so by more direct means. In the United States in these last years, with strong Canadian effect, we have had the peculiarly brutal form of incomes policy imposed by unemployment – and recession or depression. It will come as no surprise that I urge, not as a temporary but as a permanent policy, a negotiated restraint on industrial wages and prices and a broadly consistent policy on farm price supports and publicly regulated prices. This is not a policy, I hasten to say, that is to be confined to wage and salary workers. I would not be too meticulous about applying it to small business and unorganized workers. There are administrative problems here that are decisive. But it is essential that there be a broad restraining effect on higher incomes. One recurs to the tax system. An incomes policy and a progressive tax system are natural counterparts in any equitable and successful macroeconomic policy.

In one form or another an incomes and prices policy is now accepted in most of the industrial countries – in Germany, Austria, Scandinavia, in ostentatiously free-enterprise Switzerland, in Japan, and in Australia. It is still resisted in the United States and Britain, including by the parties of the liberal left, and it is a matter of no slight controversy here in Canada. There are few subjects that those currently running for the Democratic nomination in the United States more assiduously avoid; monetarism all oppose, but as to the alternatives, it is their strongly shared belief that God will provide. There is, unfortunately, no such escape. If we do not use monetary policy to arrest inflation, we must have an alternative policy. If we do not wish to use unemployment, idle capacity, and recession as the restraint on the incomes-prices interaction, we must, along with an effective fiscal policy, have a system of direct negotiated restraints. God is not, in all certainty, a member of the liberal left.

This, I suggest, is the agenda for the liberal left – one that is largely indifferent as to national boundaries. We take full pride in, and protect, our social services and accommodate these and regulatory effort to changing circumstance and need. We address strongly the matter of administration, recognizing that this is now the central problem of all great organizations, private and public. We reject, as experience now manifestly requires, the painfully false premise of monetarism. When demand presses on capacity, we see taxation as the major instrument of restraint. We accept the need for a direct incomes and prices policy as the alternative to one enforced by unemployment. We see this in the context of an overall thrust to a greater equality and fairness in income distribution. This reflects a recognition that what conservatives urge in the name of incentives and improved economic performance, including the commitment to monetary policy and its high interest rates, is, in true purpose, a poorly concealed design for enhancing the income of the affluent. We are sternly cognizant of the problem of the military power in our time; this must be a matter of special urgency for my fellow liberal Democrats in the United States.

I do not suggest that the policies I offer are brilliantly original. In the United States in these last months, numerous of my fellow Democrats have been engaged in a search for new and creative policies; surely there is somewhere some policy design that is simple, easily administered, magical in its result, wonderfully acceptable to all. The search has not succeeded; that is because no such alternative exists. The future of the liberal left lies with a continuing compassionate role for the state, a continuing devotion to the far-from-easy policies that serve to combine high employment and stable prices with fairness in the distribution of the product.

The appreciation of the audience was expressed by Mr. Douglas L. Derry, F.C.A., President of The Empire Club of Canada.

OCTOBER 13, 1983

The Canadian Economy

AN ADDRESS BY William D. Mulholland, M.B.A.
CHAIRMAN & CHIEF EXECUTIVE OFFICER
BANK OF MONTREAL

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished guests, members, and friends of The Empire Club of Canada: The past decade has been one of considerable challenge, opportunity, and accomplishment for Canadian banks. It has been one of rapid international expansion and widely fluctuating domestic needs. Assets and earnings grew rapidly until, at what we all hope to have been the height of our inflationary cycle, the federal government was sufficiently concerned over bank profits that the Standing Committee on Finance, Trade and Economic Affairs was asked to look into these profits – yet, by the time the committee met last year, the recession had struck with such impact that the thrust of the review was not whether bank profits were excessive, but whether the Canadian banking system could withstand the incredible jolt of the loan losses, which were to be more than double those of the previous year. The conclusions of the committee were reassuring but as 1982 progressed, constant media attention on the future of Dome Petroleum, various real estate companies, Massey-Ferguson, and Turbo Resources, as well as sovereign risks such as Poland and Mexico, kept the public wondering what the future might hold for the banks, and indeed, the whole economy.

In the current year, in spite of most bankers praying that the worst was past with 1982, loan losses have continued to increase, reflecting the continuing pressure upon Canadian business. However, lower inflation and the related lower interest rates give increased reason for believing the future to be more promising. Throughout this period, today's speaker has played a key role as a leader and spokesman for the banking fraternity and for his own bank.

Bill Mulholland was born in 1926 in Albany, New York. After graduating with an M.B.A. from the Harvard Business School, he joined the investment banking firm of Morgan, Stanley and Co., in New York in 1952, becoming a partner ten years later. During this time he was responsible for assembling the financial package for the Churchill Falls hydro project in Labrador. In 1969, when key Churchill Falls executives were killed in a tragic plane crash, Mr. Mulholland became President and Chief Executive Officer of Churchill Falls (Labrador) Corporation Limited and of Brinco Limited, in order to finish the job. It was in 1971, while fulfilling this responsibility so ably, that he last addressed The Empire Club. He told a large and appreciative audience of the progress of the Churchill Falls project, and of possible plans for its future. The thing he stressed most strongly was the emphasis that must be placed upon planning, in order for such a mammoth project to be successful. It is this success with Churchill Falls, and his emphasis on proper planning, management processes, and information systems that made Mr. Mulholland so attractive to the Bank of Montreal, which he joined to become President in 1974. In 1979 he was appointed Chief Executive Officer and in 1981 was elected Chairman of the Board of Directors.

Since 1974, the Bank of Montreal has experienced widespread change. There have been major staff realignments, including the hiring of new people at the most senior levels. In the mid-1970s the bank had a rapid transition from a relative lack of computer technology to being in the forefront of Canadian banks in this area. The acquisition of Chicago-based Harris Bancorp, which was announced last week, will have the effect of increasing the Bank of Montreal's assets by some nine billion dollars, bringing them to seventy-two billion dollars, which will make it, in terms of assets, Canada's second largest bank. In the current year the Bank of Montreal has been ranked by *Euromoney* magazine as thirty-first largest in the world in terms of shareholder funds, and as twenty-fourth largest in terms of net profit. Other than the resource sector, in which Canada has evident advantages, there are few industries in which our country has such a major world-scale impact.

In addition to his responsibilities with the Bank of Montreal, Mr. Mulholland serves on the boards of a number of charitable and policy-related organizations. After spending a number of years commuting between Toronto and Montreal, Mr. Mulholland and his family moved to Toronto earlier this summer.

It gives me great pleasure to welcome Bill Mulholland back to The Empire Club to address us today on "The Canadian Economy."

MR. MULHOLLAND:

Mr. President, ladies and gentlemen: Nearly eighty years ago, Sir Wilfrid Laurier confidently asserted that the twentieth century would belong to Canada. Of course, he also expected that, by now, Canada's population would be about sixty million. It has been clear for some time that Canada has not lived up to Sir Wilfrid's high expectations. But, then, neither has the twentieth century.

If Sir Wilfrid were living today, I wonder what he would say about Canada's claim on the twenty-first century. He was a man of vision, so I doubt that he would be entirely comfortable among those whose horizons are limited by the economic valley which we have been traversing for the past couple of years. I suspect that he would recognize that Canada has fundamentally a strong and healthy economy, that Canada is a country well-off in terms of its human capital and natural resources, that the economic base from which Canada will be working during the next few years of adjustment and transition is the envy of peoples the world over. And he would be right.

What is the basis for the view that Canada's economic future, once thought to be so bright, is now so lacking in appeal? It stems, I think, from a critical view being taken of our economic performance in recent years, compounded by a recession-bred pessimism.

Let's take a quick look at the record of the seventies. This was not the best of decades, yet Canada achieved substantial gains. Total Canadian output increased by almost 50 per cent. Employment increased by 35 per cent. Real per capita income after taxes – probably the single best measure of what the economy yields to individual Canadians – rose by 52 per cent. From the perspective of history, such an increase is enormous. If that rate were to continue, our children would have twice our present real income before they reached our age.

Admittedly, the last couple of years have been rough on Canada. Some of the gains won in the seventies have been given up in the eighties. The deep recession left many of our plants idle, and too many Canadians out of work. Real per capita disposable income plummeted, and business profits collapsed. We should not, however, let our vision of Canada's future be shaped by this experience. The devastation wrought by the recession was largely the result of specific policies of western governments – policies whose single-minded objective was to reduce inflation and inflationary expectations. They accomplished their goal, but at the cost of quite a few babies going out with the bathwater. My purpose is not to defend the record of the past but to point out that neither is Canada's economic future clouded by some overriding disability nor is the base from which we go forward nearly as weak as we seem to think it is. By any objective standards, it is pretty solid.

The recovery has now begun strongly, at least in North America. The pace of recovery in the months ahead will doubtless slow from the unsustainable rate posted in the first half of the year. This is to be expected and has been forecast for months. It should be welcomed, rather than feared, since a moderate recovery holds out the greatest promise of a return to an era of economic stability. Only in an environment of low inflation will there be significant growth in business investment and capital accumulation, as well as sustainable economic growth.

There is nothing in the current performance of the economy to suggest that the recovery is about to be derailed. Assertions to the contrary reflect a basic misunderstanding of the effects of the policy forces now in place.

Large budget deficits will be a continuing problem but, despite views to the contrary, they will not, by themselves, abort the recovery. Failure to accomplish significant cuts in our budget deficits means the prospective recovery will be one which favours government consumption at the expense of business investment; it means slower growth in our nation's productive capacity, and hence, our living standards; it means ultimate acceptance of higher rates of unemployment if we are to preserve the gains we have made on the inflation front. It probably also means that our ability to achieve the strongest-possible competitive posture in world trade will be curtailed. It does not mean, however, an end to the recovery itself. That will depend on the posture of monetary policy.

The monetary authorities certainly have the power to engineer an end to the recovery, but the monetary policies in place in North America do not suggest anything of the sort. Indeed, by both word and deed, the monetary authorities are indicating that they are willing to provide the means to finance a moderate recovery – but not a boom. Barring a sharp reversal of current policies, a moderate recovery is still what we are most likely to experience.

Monetary and fiscal policy are indeed important, but they are not the only factors that will determine the strength of recovery. Of equal importance is Canada's trade performance. A third of our national output is tied to exports, and a fifth of GNP to exports to the United States alone. Canada cannot realistically hope to isolate itself from world economic trends – be they in the oil market, the financial markets, or the ever more competitive markets for manufactured goods. Our economic *strategy* must rest, therefore, first, on strong support for

William D. Mulholland,
Chairman and
Chief Executive Officer,
Bank of Montreal

an open world economy and trading system and, second, upon a national commitment to achieve and maintain a strongly competitive trade performance. Canadians must be brought to a realization that their standard of living and that of their children will be determined by their country's success in world competition.

Obviously, my own views reflect the conviction that the case for optimism, while hardly airtight, is nevertheless pretty good. I would like to persuade you that we should now be working to make the case even stronger – not automatically assuming the worst and waiting in the storm cellar for our lugubrious prophecies to be fulfilled.

This will require a realistic understanding of our situation, a measure of consensus, a collective will to act, and most importantly, confidence – confidence in ourselves, that we can, by our own actions, shape our future.

Canadians have proven before that when the chips are down, they can deliver. I know, and so do you, that they can do it again. So, why should we view the future with pessimism?

At the moment, the recovery in Canada and the United States has been a good deal stronger than in the rest of the world. It should spread gradually to Europe, Japan, and the developing countries in the course of the next year. But this will only be the first phase of world economic recovery. It will allow the world economy to win back the ground lost in *three years* of recession. To assure that the recovery is sustained, however, three key conditions must be fulfilled.

- First, deficit spending must be controlled while monetary policy is eased in the industrial countries, which will permit real interest rates to decline gradually.
- Second, the line must be held on protectionism in major trading countries, which will set the stage for renewed expansion of world trade.
- Third, developing countries' debts must be managed in an intelligent, co-ordinated manner, which will stabilize the international financial system and permit the economies of these countries to start growing again.

It is clear that in western countries greater fiscal discipline and a slight easing of monetary policy would permit a decline in interest rates. Not so widely appreciated, however, is the danger of protectionism. Increased protectionism would impede a lasting recovery just as surely as a rapid rise in interest rates.

World trade declined last year and remains below its 1980 level. It shows every sign of stagnating this year. We are experiencing a three-year period of stagnation in international trade that is unprecedented in the postwar era. Major industrial nations have made commitments on several occasions to hold the line on protectionism – and, if possible, to roll it back. They must make every effort to live up to their commitments despite the pressures created by unemployment, which is expected to remain high in most countries.

Both renewed expansion of world trade and interest rate stability in the industrial countries would greatly assist the world in meeting a third requirement for lasting recovery. I refer to the sound management of debt payments by numerous developing countries. Already, the decline in interest rates from last year has reduced their debt service charges – in point of fact, each percentage point reduction in interest rates cuts the debt burden of developing countries by about two billion United States dollars a year.

The recovery in industrial countries will boost demand for developing countries' exports and in turn help them to generate more foreign exchange to service their debt. Also of help has been closer co-operation among the International Monetary Fund, other international institutions, hundreds of commercial banks, and national governments. Further progress is needed, including perhaps the creation of new financing instruments and new institutional approaches. Still, international co-operation is far better today than it was a year ago.

Over the longer haul the developing countries will be able to service their debt smoothly only if they receive increased flows of official aid and foreign direct investment. Most importantly, developing countries will need free access to export markets in the industrial countries – not only to generate the foreign exchange necessary to service debt but also to fuel economic growth.

Trends in all three of these areas – interest rates, world trade, and international debt – will have a direct impact on the strength of world economic recovery. The points which I have mentioned will probably not be followed as faithfully as one might wish. But countries that adjust quickly to economic reality will tend to benefit from relatively stable currencies, relatively low real interest rates, and relatively strong growth in output and living standards.

The implications for Canada are clear. This country, along with the United States, has allowed its deficit to expand rapidly while most other industrial countries were practising fiscal restraint. We must control deficit spending. Canada is also more dependent on trade than many countries. We must meet increased competition in world and domestic markets.

To improve our competitive strength, we will have to shore up numerous fault lines in the structure of our economy – inflexible wage and cost structures, burdensome government regulations, and regional barriers to the movement of labour, capital, and technology. Business and government will also have to work to develop new policies and programs to encourage research and development – R and D – and to improve the education and training of our most precious resource – people. In short, we will have to become more flexible and adaptable to change. For therein lies the key to an improvement in our competitive strengths as an experienced, respected trading nation.

These are major challenges. But I cannot emphasize too strongly my belief that we have the fundamental strengths to meet them.

One recent development has been particularly encouraging. I refer to the remarkable decline in inflation, from almost 13 per cent to less than 6 per cent. Wage settlements have declined in line with prices, easing the wage/price spiral that proved so intractable in the 1970s. This is a major source of strength as we attack our deeper-rooted economic problems.

One of these problems is the current weakness of business investment. During the recession, it fell much more sharply, by 20 per cent, than in past downturns. It will decline further this year. The traditional role of investment in sustaining recovery, once the current growth in consumer spending levels off, remains in some doubt. There are several reasons: substantial excess capacity; weak corporate balance sheets; and the fact that corporate profits, relative to output (GNP), last year hit their lowest level since the Great Depression. The combination of declining sales and high interest rates during the recession was the key factor contributing to the weakened financial condition of businesses. This will take some time to correct, but the process is under way.

In all likelihood, confidence is another important, if elusive, factor in determining the climate for capital investment. Many businessmen have been badly burned by recent events and are going to be doubly cautious – and understandably so – about taking on substantial financial commitments. To a degree this is healthy, but not if it is overdone. We are going to need a resumption of capital spending if the economy is to heal itself and move on to a more comfortable and sustainable track. Indeed, my perception is that business, for its own sake, will need to invest in order to protect and to enhance its competitive position. Productivity is not just working harder or working for less money, it is "working smarter," more efficiently, more innovatively – and for this it takes investment in plant, in machinery, and in people. We may have to scratch a bit, but I am convinced that this is the right thing to do and now is the right time to do it.

In the future, another important inhibitor to rapid growth in business investment is likely to be persistent deficit spending. My concern, I should emphasize, is not last year's deficit or even this year's. Indeed, they helped cushion the economy from the worst effects of the recession. And the recovery will itself shrink the federal deficit because tax revenues will be increased and unemployment insurance and other expenditures will be reduced. What worries many observers, myself included, is the "built-in" or structural deficit, in other words, that portion of the deficit that does not disappear when recovery ensues. It is important that structural deficits fall quickly enough to make room for expanding credit demand from the private sector.

Of course, it is not realistic, politically or economically, to expect the federal government to slash its structural deficit radically overnight. This would require either massive tax increases or major cuts in spending and government programs. Such measures would not be accepted by the Canadian public and they could endanger recovery.

Once the recovery is more advanced, however, Canadians will have to seriously consider spending cuts or tax increases, or both.

Moderate tax increases can contribute to keeping our deficits under control. But it seems clear that the most effective method, if not always the most popular, is for the federal government to continue to impose strict controls on growth in spending. Government spending should fall, but only in relation to an expanding GNP, not in absolute terms. We need not contemplate an across-the-board retreat by government. Nevertheless, Canadians must face one hard fact: spending restrictions will in all likelihood reduce the level of government service, even if tax dollars are spent with the wisdom of Solomon.

It may be hard for the public to accept, and for politicians to admit, that government can no longer afford to intervene at will. As matters stand, however, governments must make spending commitments only in *priority* sectors, where the benefits clearly justify the costs. A strong national consensus on the spending *priorities* must be reached soon if the government is to hold the line on deficit spending.

If recovery is to be strong, Canada's government must also hold the line in another area – protectionism.

Protectionism threatens Canada as much as it does the developing countries. It threatens to reverse long-term trends that are running in our favour. In the past twenty years, Canadian industry has greatly expanded exports, while adjusting with relative ease to increased import competition. This was made possible by progressive declines in tariff barriers and virtually uninterrupted growth in world trade.

The extent of Canada's dependence on trade is not, perhaps, widely enough appreciated, even by Canadians. Neither is our strength as an exporter. Trade underpins not only our agricultural and natural resource sectors but many manufacturing industries as well. A third of our manufacturing output is exported. More than half the production of seven major manufacturing industries is exported. Among them are aircraft, automobiles, machinery, and electronics. Some of the strongest export performers are high-tech producers of telecommunications, electrical generating and urban transportation equipment. Over the years, increasing numbers of our manufacturers have come to depend on lower – not higher – tariffs and easier access to export markets, particularly south of the border.

It is clearly in our long-term interests, not to mention our short-term interests, to resist protectionism. This means, first and foremost, supporting the multilateral free trade rules of the General Agreement on Tariffs and Trade, or GATT.

This is not to deny the importance of our bilateral relationship with the United States. Indeed, this relationship could spawn new trade arrangements in specific sectors. But we must also remember that Canada depends to a much greater extent on the markets of its major trading partners – the United States, the EEC, and Japan – than it does on our relatively small domestic market. That makes it tougher for us to win concessions in bilateral trade dealings. Our bargaining power is significantly greater within the framework of GATT, which groups eighty-eight countries and is designed to prevent discrimination against any single country, large or small, by another. It is in Canada's interest to support extension of GATT to agricultural products and trade in services.

To benefit from GATT, however, Canada must continue to adhere to a progressive reduction in tariffs on imports and agree not to replace tariff walls with an array of new, non-tariff administrative and quota barriers. Otherwise, "Buy Canada" laws will begat "Buy America" laws, and vice versa, until they combine to infest the North American economy.

So far, I have outlined two key requirements for sustaining Canada's recovery through the mid-1980s. They are deficit control on the one hand, and expanding world trade and a halt to protectionism on the other. Both provide challenges to which the Canadian economy will have to respond by becoming more competitive.

A number of steps will have to be taken. Productivity growth, which was flat in the 1970s, will have to be restored. Provinces will have to consider lowering regional barriers to the free flow of capital and labour. All levels of government will have to lighten the burden of inefficient, costly regulation.

In many cases, change will come slowly. But one area that will soon require attention is the possibility of inflationary increases in wage costs. This raises the issue of wage and price controls. It seems to me that the federal government's 6 and 5 program was successful and well-timed. Public salaries were controlled at a time when the recession had abruptly halted private sector wage increases; but the necessity for wage restraint will be called into question as the economy expands and corporate profits rebound.

In the course of the recovery, labour will no doubt step up demands for wage increases. To the extent that these demands are tied to productivity growth in specific industries, they should be regarded as legitimate. The danger is that pattern bargaining would spread increases that are justified in one industry on to others that may not be so productive. If this happens, wage increases will again fuel inflation and undermine the competitive position of industries that are recovering relatively slowly from the recession. Under no circumstances should wage settlements in the public sector be permitted to set the pace for wage increases generally.

Before the 6 and 5 program expires next summer, the federal government, in consultation with business and labour, might consider implementing a more flexible policy, designed to last. The emphasis should be on maintaining a degree of restraint while providing incentives to efficient producers. The aim should be to give Canadian corporations a more flexible wage structure, one based on productivity and one that would adjust smoothly – rather than under the duress of mass lay-offs – to the ups and downs in specific industries and markets. Such a program should be part of a national effort to increase the overall efficiency of resource allocation in Canada.

I don't think I should pretend to you that I have in mind either a comprehensive plan for economic growth in Canada or a clear vision of how the world will unfold over the next few years. Both are well beyond my capacities. I do believe, however, that it is possible to arrive at a realistic assessment of our position – our national balance sheet so to speak – and that the balance is encouraging. I also believe that it is possible to strike an agenda designed to capitalize on our advantages and ensure a continuation of economic progress and material well-being. Finally, I suggest to you that there is far more reason than not to approach our task with confidence.

During this decade, the Canadian economy must be managed with restraint, foresight, and courage and Canada's position in world-wide competition must be pressed with boldness and determination. As a nation, we must recognize – and accept – these challenges. It is well within our abilities to do so, successfully.

Sir Wilfrid, are you listening?

The appreciation of the audience was expressed by Michael Meighen, a Director of The Empire Club of Canada.

OCTOBER 20, 1983

Senate Reform

AN ADDRESS BY The Honourable P. Michael Pitfield, C.V.O., Q.C.

CHAIRMAN The President, Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished guests, members, and friends of The Empire Club of Canada: Sir John A. Macdonald defined the Senate in these words:

> It must be an independent House, having a free action of its own, for it is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch, and preventing any hasty and ill-considered legislation which may come from that body, but it will never set itself in opposition against the deliberate and understood wishes of the People.

A laudable objective – however, almost since Confederation, a recurring topic has been the inadequacy of the functioning of the Senate. In the aftermath of the 1982 Confederation Act, there is renewed interest in restructuring the Senate, and increasing numbers of Senators and others have made suggestions as to how the Senate might be improved. Indeed, the topic is addressed today on page seven of *The Globe and Mail*. But the route is far from straightforward. No lesser constitutional expert than Mr. Eugene Forsey has recently agreed with the concerns expressed and has described the Senate as "a paper tiger" – a body doing valuable work but lacking political clout. However, in his view, this is a situation which is not likely to change significantly because the House of Commons would not accept a "real tiger" which might rival it for power – from Sir John A.'s definition of the Senate, one might wonder whether he anticipated it being a real tiger either!

Yet there is little doubt that changes are needed and the role of the Red Chamber could and should be improved. For such a discussion there are few people who have had the impact upon Canadian policy-making and been so involved in the process of government in their lifetime, let alone by the age of forty-five, as has Michael Pitfield. The additional dimension of first-hand experience in the Senate provides a combination of experience that makes Mr. Pitfield extremely well-qualified to address today's topic.

Born in Montreal in 1937, Michael Pitfield graduated from St. Lawrence University, Canton, New York, and then from McGill with a degree in law. He joined the public service in 1959 and soon worked as an administrative assistant to Davie Fulton, then Minister of Justice. While carrying out these responsibilities, he also took night courses at the University of Ottawa, and obtained an advanced degree in public law. Between that time and 1975 when, at the age of thirty-seven, Mr. Pitfield was appointed Clerk of the Privy Council and Secretary of the Cabinet, he held a wide variety of increasingly senior posts in the public service. During the academic year 1974-75, Mr. Pitfield was a Fellow of Harvard University at the Kennedy School of Government.

With the exception of a *brief* interlude late in 1979 and early in 1980, Mr. Pitfield carried out his responsibilities as Clerk of the Privy Council with a skill of evident satisfaction to the Prime Minister. Late last year he resigned from this position and was subsequently appointed to the Senate. Also last year, in recognition of his many contributions, Senator Pitfield was made a companion of the Royal Victorian Order by Her Majesty the Queen.

I am most happy to invite the Honourable Michael Pitfield to address us today on Senate reform.

SENATOR PITFIELD:

Your Excellency, Reverend Sir, Mr. President, ladies and gentlemen: One of the principal reasons I went to the Senate was in order to be able to bring to the attention of leaders such as yourselves issues relating to the state of our government and what has to be done about it.

In exercising this new-gained freedom, my purpose is neither to attack any of our political leaders nor to assert a particular political doctrine. On the contrary, my experience of nearly twenty-five years in the federal public service inclines me to believe we Canadians are generally better served than we realize by our politicians and that there is no doctrinal cure-all for our problems. Indeed, if the results in other governments are any indication at all, what we hear nowadays from both the Left and the Right are largely snares and delusions.

My view is that dealing with the governmental problems of which so many Canadians complain is a matter of process and machinery more than it is a matter of personalities and philosophies. That is probably what you might expect from one who comes from within the governmental apparatus, but for that very reason and because, by its nature, it is a viewpoint that can rarely be expressed, I am grateful for the opportunity to explore it with you today.

In short, the case I would like to make is that we are like amateur photographers who, unsatisfied with the pictures they get, keep buying new films to try – slow ones, fast ones, colour, black-and-white – without looking at the camera to see whether the mechanism works and the lens is clear.

Canadians sometimes, and increasingly, think of our governmental system in American terms – of Parliament as if it were the Congress. Yet, that is not the way the system is set up. The role of Parliament is not to administer the government. Broadly speaking, the role of Parliament is, first, to maintain confidence in the policies and administration of the ministry and, second, to supervise the administration by ministers.

Despite the enormous increase in expenditures on Parliament in recent years, Parliament has not been doing either of these functions all that well. As is so often the case with governmental problems, we have tried to solve them by throwing money at them.

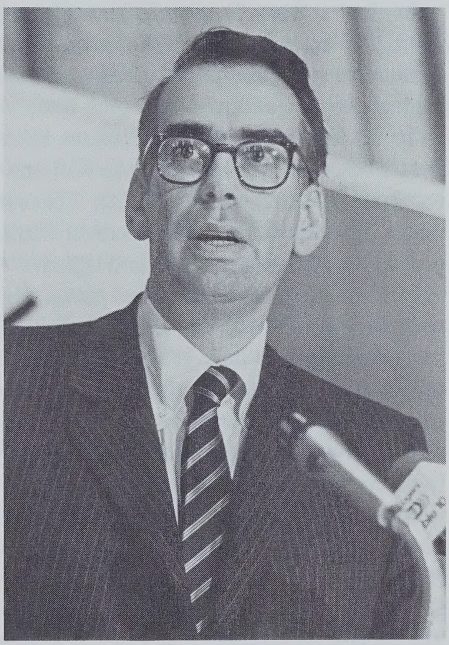
When I first entered the federal public service, the taxpayer was spending about $8.5 million a year for Parliament and its immediate appendages. This year, the cost will amount to something in the order of $233 million, a 2,750 per cent increase in less than twenty-five years! Yet, the problems have remained and, if anything, they have worsened.

Certainly, this is true in terms of the acute confrontation between our political parties, which has set the tone for our public life and diminished the independence of the private member from his party's line.

Certainly, this is true in terms of the failure of our parliamentary institutions to adapt to the modern reality of "big government," thereby diminishing the effectiveness of parliamentarians in their supervision of governmental administration. Question period has become virtually the single focus of parliamentary life and it is a farce.

To the vacuum that has been created has come a process of what might be called "extra-parliamentary" opposition. Provincial governments and the media have tended to become the new opposition. The resolution of differences goes on increasingly not within Parliament but through the media. We have been reduced to government by polls, by thirty-second news clips, and by advertisement.

This is no single player's fault. It is not insensitive to national feelings. But it does encourage government by whim and governments with *ad hoc*, short-term objectives. The proponents of Japanese business administration have criticized North American managers for not adequately favouring more rational, longer-term objectives at the very time that increasing social organization and technology most demand them. Clearly, a no less serious charge can be made against our governments.



The Honourable
Michael Pitfield
Senator and
Former Clerk of
the Privy Council

The resulting failures of public policy are not only extremely expensive but also damaging to the fibres of national unity and purpose. Sometimes policies are wrong. More often, they are premature, misunderstood, ill-conceived – founded neither on consultations to make them workable, nor on consensus to make them acceptable.

Again, let me insist that these are not the consequences of ill will, bad faith, or stupidity. They are the results of a distorting process. Instead of getting at the causes of the distortions, we blame the politicians, though few of us are ready to serve with them. In picking away at them, we destroy their credibility, which is as important to us as it is to them; we try to tinker with the apparatus, complicating legislation or organization or both, and thereby compound the problems.

In short, there is a crying need to get at parliamentary reform. We need to look at the mechanism and the lens of the camera, to stop thinking the only problem is the film we buy in each general election.

To speak of House of Commons reform is to open a Pandora's box of issues having to do with the very fundamentals of responsibility and accountability. The subject is complex and made the more so by Members of Parliament who are very protective of their traditions and rights.

But senate reform is more promising. That institution is obviously more archaic. There is widespread public support for changing it. Where House of Commons reform is a matter of fine adjustments having to do with the ordering of parliamentary business and the organization of committees, the changes needed in the Senate are bigger, more obvious, and more comprehensible.

In essence, the question is: which of us, having a young family in a small house with an unfinished room, would – rather than redo the room for the family – pay the same amount to maintain it for advisers who come to stay from time to time. The answer is obvious. To knit the family closer together, we would finish the room. Yet, that is not what we have been prepared to do with the Senate.

The Senate is the unfinished room in our national house. We need it to build consensus in our family. The political, social, and economic development of our country is impeded because the Senate is not what it was meant to be. More than that, we need a reformed Senate for what it could be.

In saying this, I do not mean to deprecate the hard work and dedication of many able senators. Even as it is, the Senate does good and necessary work. In legislative review and committee work it performs markedly better than the House of Commons. Your senators are wise and good advisers, but they are really only advisers nonetheless. As more credible decision-makers they could do much more – not as a duplicate of the House, but as a complement: a somewhat less partisan, more technical forum with a longer-term perspective.

More particularly, a reformed Senate is needed to fill the obvious role of a second chamber in a federation; that is, regional representation. It is needed to offset in the federation the effects of "one man, one vote" upon an uneven distribution of people and resources amongst vast regions of different traditions and aspirations. This is the natural function that a Senate, almost uniquely, can play. Why go out risking unforeseeable and probably adverse results, and jerry-build elsewhere in the governmental system for this purpose?

What, after all, are the truly basic ills of our present federal state? There are really only two: One of them I have already touched upon. It is the problem of the mechanism: the failure of parliamentary process in terms of inefficiency, domination by the executive, and ineffectiveness in administrative supervision – all of which results in poor bills, poor debate, and displacement of decision-making from Parliament.

Appropriately designed senate reform could provide greater counter-balance against the executive, more useful national debate, and sharper administrative supervision – not only within the Senate itself, but also in Parliament as a whole. It would bring new credibility to Parliament. It would force change in process. It would introduce new and somewhat different players. It would also provide an alternative career pattern for experienced politicians who are now ignored or wasted. This is an important point. Currently, our system provides new independent slots within Parliament for the politician who disagrees with his leader, or who outgrows Cabinet or being a backbencher in the House of Commons. Yet, the loss of such men and women to our public life is tragic – for them, because often they want to stay in active political life – and for us, because their experience and their independence is valuable to us.

Politics is a good, healthy, necessary activity. It alone provides the informal accommodation that softens the clash of institutional change. At the federal level, we have relatively few politicians to control a large government. We should make better use of those we have.

The second ill of our present federal state is the failure of representation within the federal government of "sectional interests," of what we would today think of as regional and minority interests in the broadest sense. This is the problem of our lens. It has been demonstrated increasingly by the results of recent elections. It is perhaps not felt in Ontario, which has maintained its dominant voice in every recent government, but it is keenly felt in other regions, in the west particularly: failure to develop the Pacific Rim, an absence of western orientation and of accommodation to what westerners see as the realities of a resource-driven economy. Under foreseeable circumstances, it could be just as deeply resented in the east or in Quebec.

The fact is that the direction of a government is largely the result of a host of small decisions made from day to day and reflecting the emotional as well as the rational factors of the decision-makers' thinking. No matter how they may try, decision-makers from one region of this enormous country cannot for long focus on things in quite the same way those from other regions do. Hence the imperative of representation of all the regions within our government. Without it, there are bound to be unnecessary, damaging tensions in the body politic. Provincial governments will inevitably emerge as more powerful and credible spokesmen on federal matters than they should be. Consensus will be more difficult to obtain. National resolve will be weakened.

Many are inclined to think of the Trudeau government today as hellbent on centralization. The record of the late sixties and early seventies is entirely to the contrary. The mammoth redistribution of authority in those days was so met with the cry for more that some feared we would decentralize to the point where national programs could not be held together. The confrontations of recent years were necessary but had we had a reformed Senate they might have been avoided and they certainly would have been less violent and less damaging.

The lesson of recent and similar recurring experiences in our history is that there must be a focus of regional representation within the federal government. In this way, small adjustments made from day to day can avoid, or at least temper, periodic major confrontations.

The national government must have regional credibility. At the moment, this is largely in the provincial governments. Some even suggest the remedy lies in incorporating the provinces in the federal government. This way lies madness. As the courts have clearly pointed out for a hundred years, we must not mingle the federal and provincial governments. That is contrary to the essence of our governmental system. Ours is a system of watertight compartments, of governments sovereign in their jurisdictions. The die has been cast. We must be true to the essential genius of our system. Building against it by intermingling governments promises nothing but dissension, chaos, and collapse.

We need a Senate in its own right truly representative of regional interests.

Some provinces and some members of the House of Commons will not welcome this. Clearly, it would moderate their influence to some degree. These fears are the most difficult obstacles to senate reform, not the Senate itself which I am sure would support a consensus on reasonable changes. The need is to spread the understanding that reform is in everyone's longer-term interest. The mechanism and the lens must be fixed, and it is urgent that this be done. Why the urgency?

One reason is that in the referendum, Quebecers were promised a new deal. That has often been interpreted in jurisdictional terms. But when looked at closely, there is not much in jurisdictional terms to talk about. Even what there is, is real only in the context of an understanding on institutional arrangements.

Prime Minister Pearson was right back in 1966. Resolving the dilemmas of Canadian constitutional dissension requires a three-step process: first, an amending formula and repatriation and a Charter of Rights; second, an understanding on institutional arrangements; and third, a realistic reassessment of jurisdictional powers. We have done the first. We are in the midst of the second. The Macdonald Commission is laying the groundwork for the third.

Granted, zealots may not see it that way. They will want to go straight to what they see as the honeypots of power – in some cases, not for the sake of efficiency or effectiveness or even the reality of power (because they already have great power) but for the political advantage of a destabilizing battle. The Parti Québécois is only the most extreme of those who try to entrance provincial electorates with false promises that somehow can only be realized once jurisdiction has been repatriated from the feds!

The referendum results threw nationalism in Quebec into a quandary from which it is now slowly sorting itself out. Before that process has hardened, before the debate in Quebec slips back into the old-fashioned, vapid rhetoric, we must begin to deliver on our own referendum promises. We can do this by showing Quebecers that their interest in preserving and improving the lot of their people, their language, their culture, and their institutions in the longer term can be not only protected but advanced through senate reform; that meaningful, effective regional representation within the federal system – independent of provincial government and traditional block-voting – can simultaneously enhance both regional and national interests.

As well, we must make much the same case to the alienated in other provinces – to the west: that they can be heard sensitively with regard to resource policy and Pacific orientation; to the east: that their concern for regional disparities and resource development is secure; and, even – with respect to industrial policy – to Ontario, which in a country of changing patterns of wealth and population can no longer be regarded as quite the cornucopia it once was.

What is at the heart of the Canadian dilemma? It is how to mature as a country, how to develop a greater sense of unity and purpose, not by passing through the crucible of national trauma – civil war, depression, or cataclysmic revolution – as other countries have done, but through peaceful and rational evolution, through the operation of law. We have chosen a path which, in foregoing the terrible hardships of emotional extremism, also foregoes the powerful adhesives and prejudices of national sentiment that suffering engenders. An extraordinary act of courage – given our small population, great spaces, colonial origins, powerful neighbours, and diverse composition – the course we have chosen, for which we are admired and observed around the world, is today even more demanding in the face of modern technology, international tensions, and world economic vicissitudes: slower growth, changing demographics, and above all, the absorptive capacity of the United States and our dependence upon that country.

All of this means that leadership must be focused not only on effective, sensitive, flexible, up-to-date institutions of the public sector, but also on the actively aware and constructive demands and participation of private-sector leaders.

For many good reasons, we carry the burdens in this country of an administrative capital. Ottawa is still a company town, but it is a company of which you are shareholders. None the less, the distance from Toronto to Ottawa is not crucially a matter of miles or hours as much as it seems to remain a matter of conflicting attitudes and behaviours.

For our country to survive, much less to develop and prosper, this cannot continue. I urge you to become involved and, in being involved, to regard senate reform not as an old chestnut to be discussed as simply sinecures for old fogies, bureaucrats, and bagmen, but – on the contrary – as involving your real and dynamic interests, as demanding your concerned support.

The appreciation of the audience was expressed by Dr. Reginald Stackhouse, a Past President of The Empire Club of Canada.

OCTOBER 27, 1983

What Is Wrong with Loving Canada?

AN ADDRESS BY Roloff Beny, O.C., LL.D., R.C.A.
PHOTOGRAPHER

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished guests and members of The Empire Club of Canada: The first discovery of photography was almost one hundred and fifty years ago – 1837 – when the Frenchman, Louis Daguerre, produced a plate with a brilliant, detailed picture of his studio, using his new invention, which he named "Daguerrotype." Interestingly, an Englishman – Fox Talbot – had simultaneously been developing what came to be known as photography.

Daguerrotype and photography rapidly became the rage in Europe and North America. Since that time photography has evolved from mere reproduction to a long-acknowledged art form. A significant contribution, particularly in the area of landscape photography, has been made over the last thirty years through the work of our guest speaker.

However, from the start I am doing Roloff Beny somewhat of a disservice. Let me return to this point in a minute. We think of him as a world-famous photographer, described in *Connoisseur* magazine as "among the master travel photographers of our time" and in the London *Daily Telegraph* as "there being no finer photographer of Landscape than Roloff Beny."

This is the current evolution of almost thirty years of photographic work which has been recognized through many major public exhibitions in Toronto, Rome, London, New

York, Paris, and many other cities, including a particularly important show currently in Warsaw. We have seen his photographic talents exquisitely portrayed in his many beautiful books on Japan, India, Ceylon, Italy, and Persia, to mention only a few. His newly published book, *The Gods of Greece*, with text by Arianna Stassinopoulos, who we are most pleased to have with us today, is as splendid a book as we have become accustomed to expect.

I started by saying that I was doing Mr. Beny a disservice. This is because all of this introduction so far has been focused on his photography. Yet prior to his photographic career, which really got started in his early thirties, Roloff Beny spent fifteen years as a painter, during which time he had a most impressive twenty-five one-man exhibitions in Europe and North America. His paintings and graphic art are included in the collections of many world-renowned public galleries.

Roloff Beny currently lives in Rome and Toronto. He grew up on the Prairies – Medicine Hat – and studied Fine Art at the University of Toronto before further study at State University of Iowa, Columbia University, The Institute of Fine Arts at New York University, and The American School of Classical Studies, Athens, Greece. This was the groundwork for the accomplishments that I have just described, and it is not surprising that they have been recognized through a large number of honours and awards, including the Order of Canada, an honorary doctor of laws degree from the University of Lethbridge, awards four times at the Leipzig International Book Fair, and most recently, the Cronica Italiana, a prize established to recognize outstanding contributions to the visual arts.

Roloff Beny's topic today is "What Is Wrong With Loving Canada?" and I cannot help but reflect on his centennial book, *To Everything There Is a Season,* which so beautifully presents many aspects of Canada and demonstrates one man's feeling for it.

Ladies and gentlemen, I welcome Dr. Roloff Beny.

DR. BENY:

Mr. Chairman, members of The Empire Club, distinguished guests, ladies and gentlemen:

> Beauty buds from mire
> and I, a singer in season, observe
> Death is a name for beauty not in use.

This is a quotation from one of my favourite Canadian poets, Irving Layton. To those who know my books, my professional life has been a celebration of beauty – and that by deliberate choice.

The author's great obstacle after making a book is finding a title. However, when I was asked to provide a title for this honoured occasion by the Chairman, Mr. Derry, without even thinking I said, "What's Wrong with Loving Canada?" But, dear guests, at the end of this event you might feel a more appropriate title would have been "What's Wrong with Loving Roloff?" But we shall see.

Most speakers begin with a little joke to relax the audience. Here's mine: "What does a grape say when you step on it?"

"Nothing. . it just gives a little wine."

This September I returned to Canada after covering many thousands of kilometres, after five perilous weeks on the roads – I mean jeep tracks of black lava – through the glaciers and omnipresent waterfalls of Iceland, where there are even fewer people per square kilometre than in Canada. I am truly glad to be home and here.

In Hollywood, about twenty years ago, I met Hedda Hopper, who was so influential she could make or break a career by just leaving a name *out* of her column. Later, she wrote, "All my life I've wanted to meet someone who actually came from Medicine Hat! Now one of my life's ambitions is realized!"

Medicine Hat is indeed where I was born, although I didn't "choose to be born there." That's a half-quotation of mine from an old interview, taken out of context by a minister in the Alberta government when he was hotly debating the province's non-acquisition of my archives a few years ago. His peculiar logic is recorded in Hansard. One reason he said the Alberta government should not preserve "his stuff [that is, my photographs], let alone pay for it, is that the honourable Doctor didn't even elect to be born in Medicine Hat." I'd like to know how one can elect where to be born. If they've discovered that secret in Alberta they should certainly let us all know.

Both my parents were naturalized Canadians, having both been born in New York, so I am a first-generation Canadian, but first or fifth, Canadian is Canadian, and "What's Wrong with Loving Canada?" My horizons have always stretched beyond Canada, but my vision began here and I have always returned here. I even bought a house in decaying Yorkville as a wedding present for the girl I was courting, that is, was courting over thirty years ago. I didn't get the girl – perhaps Yorkville wasn't smart enough for her – but I still have the house and I am still trying to find the girl to go with it. Yorkville might impress her more now.

At the age of thirteen, I was photographing nature – gopher holes, rattlesnakes, daffodils in the snow – but on May 26, 1939, I took my first people photograph. King George VI and Queen Elizabeth stopped in Medicine Hat – if only on a flag-decked railway siding during their first state visit to Canada. As a King Scout, I was presented to the King. . . and boldly took a snap! Years later, at Clarence House in London, I met and photographed Queen Elizabeth (now the Queen Mother); her lilac costume and radiant smile relaxed me. I amused Her Majesty by relating this story of the first royal photograph I had ever taken. The Queen Mother asked what kind of camera I had used. When I replied, "A box Brownie," she remarked, "Ahh, and a very reliable camera too." Gathering my courage, I continued and described a new book project – the photographs I had taken of people during forty years and in more than forty countries. I had hoped to open the book with that early – for me – historical photograph but tragically, the negative was long lost.

Prophetically, the Queen Mother said, "Surely you will find it, or your mother has hidden it away."

One year later, while on location in Spain, I received the news that my mother had died. I rushed home for the funeral.

In Medicine Hat, my mother was laid to rest under a veritable blanket of wild roses – her name was Rosalie. Afterwards, friends gathered, among them my former Scout leader, Colonel Bruce Buchanan, whom I hadn't seen for forty years. He had flown from Ottawa, a surprise and a great comfort to me. Quietly drawing me aside, he said he had brought a small gift of sentimental value – and behold, there it was – my lost negative along with a print, hand-coloured by me, of the King and Queen. My friend, having jealously preserved the negative and print for all those years, asked mildly, "Would you like to have these?"

Ironically, earlier that same year, in Tehran, where I had been working for years, and where I was completing the final stages of my second and last book on Iran, Queen Elizabeth, the Queen Mother, was laying the foundation for the new British School of Persian Studies. A terracotta brick was poised on wet cement; with a wooden mallet, the Queen Mother struck as I snapped. She said, "I declare this brick well and truly laid." Bang! Afterwards, at tea, believe it or not, she asked me if the long-lost negative had emerged. Sadly, I confessed, not yet, but what a memory she has, I thought.

And now, as they used to say on the radio dramas of the thirties, here is the rest of the story. This time, at St. James' Palace, at the wedding reception for Prince and Princess Michael of Kent, I had yet another meeting with the Queen Mother. I told her of my mother's passing which had led to the magical materialization of my phantom negative. "You see," she said, "I knew your mother would find it for you – somehow!" So, this photograph will open my book on people, soon to be published, if I can decide on a title. (I now have a list of twenty-seven definites and nineteen runners-up.) If anyone here would like to submit a title, you may do so after the lecture.

How are titles born? The title of my third book, *Pleasure of Ruins*, was a gift to me from the great Dame herself, Rose Macaulay.

The title of my first book, *The Thrones of Earth and Heaven*, was hotly fought by my English publishers. They felt it poetic and obscure. "Where did that come from?" they asked, and wished to call it simply *The Mediterranean*. In fact, I was very close to the deadline when I had to have chosen the title. I picked up my tattered copy of Shelley's *Prometheus Unbound* and it fell open to these very words of Shelley – "the thrones of earth and heaven." Destiny had spoken.

Destiny spoke again when I was in search of a title for my first volume on Iran. One sparkling day, I was flying in a small plane with Empress Farah, down to her secret swimming hole near a dam in central Iran. After an infinity of sand and rock, a myriad of lakes appeared and suddenly the vast turquoise basin of the dam itself. The Empress turned to me and said, "Dr. Beny, that is the Persia I love." I replied breathlessly, "Yes, a veritable bridge of turquoise." Without hesitation, she ordered champagne and toasted, "Here's to the title of our book, *Persia: Bridge of Turquoise*.

I have always been obsessed with the elements and seasons, the Shah was obsessed with destiny, and Persia was renamed Iran by his father. So, the title of my companion volume, *Iran: Elements of Destiny*, was poignantly too prophetic. I didn't win the title bout with my book on Japan. My title, taken from a Japanese haiku, was *Dust Before the Wind*; that is, until the International Book Fair in Frankfurt, where a cartel of publishers changed it to *Japan in Colour*. (Ugh.) However, you just can't fight seven international publishers, and the book did win a gold medal for being "the most beautiful book in the world" that year.

India simply spoke for herself. Nothing is more evocative than that one word.

From 1964 on, I was commuting between Japan and Canada. To remedy my long absence from home, I made seven in-depth trips back, purposely approaching Canada as new territory. I gathered images from the Atlantic to the Pacific and from the Arctic to the longest undefended border in the world – an area so vast that it made my travels in the whole world over seem compact by comparison.

Another difference was that Canada seemed so empty and so abstract in its beauty, while the rest of my chosen world of ancient culture was so richly layered in architecture and art, both deeply sacred and sensuously profane. What, I asked myself, can I do about Canada? Of course, I can photograph the aurora borealis, prairies of golden wheat, sunflower farms in Ontario, the Shangri-La peaks of the Great Divide, and the unique neo-Gothic grain elevators in the west, and in the east one of the oldest geological formations in the world, the Pre-Cambrian Shield. As yet, the glittering modern architecture of our cities was not so evident – now, it's a real gift to any photographer.

Natural beauty was everywhere, especially in the Northwest Territories and the Arctic, and I know I must not overexpose that unique chemistry which turns our maple leaves into cycloramas of flame (very showy). I also turned to high-tech industry, underground and aboveground; bridges, dams, psychedelic farm machinery – and found it equally beautiful.

Thanks to someone sitting in this room today, my Canada book was guaranteed superb-quality production. It was designed in Italy, printed in France, bound in Holland, and simultaneously published in England, the United States, and Canada. This exotic foreign production upset the nationalists, all except for the Secretary of State, Judy LaMarsh, who flew to Rome with a few pet ministers and chose the book as a centennial gift. It hit the best-seller list, and was sold out before Christmas. Three further editions were printed in Europe and sold out. Well, my renewed love affair with Canada was in full flower ...nothing was wrong with loving Canada. Then, the Canadian firm Longmans decided on a fifth printing and produced a disastrous facsimile here in Canada, at double the price, but even that is out of print.

And how did I find the title for this book? I sorted through my past inspirations as a painter. A series of my engravings based on verses from the Book of Ecclesiastes had won me a Guggenheim fellowship, and this brought me back to New York from Paris. I found a Charles Addams penthouse on Park Avenue and New York was my headquarters for some ten years – until I discovered my real home on the Tiber in 1957. In between, I had frozen in a frescoed palace in Florence for two years, and practised being a Bohemian in Paris for another two. Each September was spent in Venice with Peggy Guggenheim, whom I had met in 1948. But more of that in my people book. However, that encounter was the beginning of a thirty-year friendship that always included a traditional autumn in Venice in Peggy's unheated, private museum of modern art on the Grand Canal. One night when I complained there wasn't even a rug on the freezing marble floor by my bed, Peggy cracked, "Where do you think you are, at the Ritz?" My conviction that I was an artist who would die young, like Shelley, Keats, Chopin, was born of those poignantly romantic Venetian interludes. Age thirty instead found me with several major exhibitions behind me, and more to come. Canada, however, seemed a long, long way away during those exotic sojourns.

Italy became my adopted home. I fell hopelessly in love with my curve of the Tiber. The best of old Rome was at my feet and there I am still planted – maple trees from Muskoka and all.

From this base I explored Japan and Canada. The Italian climate, love of life, and cuisine were a perfect contrast to the ordered, severe perfection of manners in Japan and a graphic contrast to the rugged naïveté of the cross-cultures of Canada, a country forever in search of an identity. I found the artists of Canada shy of self-criticism, and it seemed almost a sin to be successful.

But, back to the title. I decided, with the invaluable guidance of Milton Wilson, a fellow graduate at Trinity, to use the poets and writers of Canada as my stimulation and the seasons of the country to colour my palette...and then I had my title ...the first line of Ecclesiastes: *To Everything There Is a Season.*

By this time I had known, loved, and lived in Italy for twenty-five years. My archives were bulging but there was no book. President Saragat, who had received a copy of my Canada book in Ottawa, approached me at his annual garden party at the Quirinale and exclaimed, "What's wrong with loving Italy? Why are you avoiding your adopted country?" The title *Roloff Beny in Italy* was inevitable – simple as that.

As you know from my earlier remarks, I have not settled on a title for my book on people. I strongly favour *Entrances and Exits*, but my publishers are afraid I'll exit before the publication date...so many times did I think I was ending my career. In 1978, I was still under the spell of Persia – two books were already published and I had three more under way – but in 1979, when Iran as I knew it vanished, I had none. Those cherished projects were sadly abandoned. Where again would I find such an angel and such a budget for creative bookmaking? What an act to follow!

However, I soothed myself with a nostalgic return to my first love, the Mediterranean. President Anwar Sadat had long ago invited me to do a book on Egypt and now I went, retracing steps of years before – but now picking and clicking my way, temple by temple, up and down the Nile, from the Sudan to Alexandria. But, tragically, the world lost him and I lost Egypt too.

Yet I persevered. Roman Algeria had been a missing link in my chain of lands surrounding the Mediterranean. I travelled there, and also to Tunisia on commission to photograph the second-greatest mosque of Islam for *Time-Life*. Morocco fell into my lap when I was invited to visit with the Shah and Empress of Iran, then living there in exile. Spain was made easier for me by ex-King Constantine of Greece who provided me with an introduction to his sister, Queen Sofia, and King Juan Carlos, all of whom shared the shock waves of the fall of Persia.

This string of royalty and heads of state (I have dropped these names resoundingly, as one reporter said, like buckshot) were all real people, often encountered during my Persian years, and were all splendid material for a forthcoming book. A varied cast of people have walked through my lens.

A surprise commission kept me at home on the Tiber for one year: *The Churches of Rome*, only ninety churches out of the about three hundred and ninety available. Just a week ago, twenty eager architectural students from Waterloo and Carleton universities brought their copies (required reading) to my Tiber terrace studio in Rome, savoured my panoramic view, and sipped Chianti, while I signed their books. Those are the book collectors I love, the juniors.

My cameras became restless again, but where should I go? I felt that after three books inspired by Ulysses and the classical

Jack McClelland, guest speaker Roloff Beny, Margaret Derry, and the President world, I had drained even this rich reservoir of culture, but then the gregarious English publisher, Lord Weidenfeld, invited me to lunch to meet Arianna Stassinopoulos at his home on the Thames. It was love at first sight and we knew we were to be a team. Over fresh asparagus (or was it the rack of lamb?), *The Gods of Greece* was conceived, and our child was born this autumn. Here's to Arianna! I believe, honoured guests, we should recharge our glasses and toast Arianna.

Now, follow me on a brief and frankly sybaritic journey through my archives. For these unpublished images (I warn you, there are eighty!) thousands of kilometres were traced and retraced through hostile seasons; often inhospitable camp beds and endless nightmare airports were endured . . .

Dr. Beny then gave a ten-minute journey through his archives of slides, showing eighty unpublished images captured over twenty years in twenty countries. The slides shown are listed below:

1. *Sri Lanka* – 1969
   An offering of lotus flowers at Anaradhapura.
2. *Japan* – 1966
   Children's toys at local festival in Kyoto.
3. *India* – 1967
   A flower mosaic celebrating a spring festival.
4. *Sri Lanka* – 1969
   A Buddhist shrine on the southeast coast.
5. *India* – 1972
   Women gathering jasmine in Udaipur, Rajasthan.
6. *Sri Lanka* – 1970
   Bikku Training School in Colombo.
7. *Japan* – 1966
   Sacred carp in a Zen garden at Beppu, Kyushu Island.
8. *Japan* – 1966
   Ceremonial carp at a Beppu festival.
9. *India* – 1972
   Pilgrims bathing in the Sacred Lake, Pushkar, Rajasthan.

10. *Japan* – 1966
    Three women sunning themselves, surprisingly with parasols, on a riverbed in Shirakowa.
11. *India* – 1972
    A bizarre bazaar of psychedelically coloured powders, Ujjain Bazaar.
12. *India* – 1972
    A local circus and a bizarre act at Ahmedabad.
13. *Italy* – 1970
    Flags of the contestants at the Palio in Siena.
14. *Sri Lanka* – 1970
    Prayer flags before a Buddhist Stupa near Trincomalee.
15. *Bulgaria* – 1980
    An embroidered saint's tomb cover in the monastery at Rila.
16. *Italy* – 1972
    A tomb in the Verano Cemetery, Rome.
17. *Sri Lanka* – 1970
    Detail of a reclining Buddha with fresco depicting Buddhist monks giving homage.
18. *India* – 1972
    Frieze of sacred "Sati Hands" of the royal ladies who sacrifice themselves in the flames to preserve their honour, Bikaner, Rajasthan.
19. *India* – 1972
    The Shiva Temple at Abu in Rajasthan.
20. *Canada* – 1965
    A cemetery in the province of Quebec.
21. *Iceland* – 1983
    A typical church of wrought iron at Borg, on the southeast coast.
22. *Iceland* – 1983
    A frozen waterfall, one of hundreds encountered *en route*.
23. *Iran* – 1977
    Natural-gas flares at Ahvaz.
24. *Japan* – 1966
    A sacred lake at Chinoike-Jigoku Temple, Beppu, Kyushu Island.

25. *Egypt* – 1979
Sudanese basket bazaar in the Aswan Souk at night.
26. *Iceland* – 1983
A pattern of shells on the beach in the northwest fiords.
27. *Iran* – 1974
Frosted sand at dawn near the sacred shrine of Mahan, central Persia.
28. *Spain* – 1972
Lace fans on sale, Seville.
29. *Canada* – 1966
Peggy's Cove, on the east coast.
30. *Canada* – 1964
A field of grain, which speaks for itself.
31. *India* – 1970
Boys on an ancient water treadmill in the Deccan.
32. *Canada* – 1967
The Buckminster Fuller United States Pavilion under construction for Expo '67, Montreal.
33. *Italy* – 1973
Fountain at Villa Lante, near Viterbo.
34. *Italy* – 1972
Ceremonial gondola on the lagoon in Venice.
35. *Italy* – 1968
Detail of bronze statue: Marcus Aurelius on the Capitoline Hill, Rome.
36. *Canada* – 1966
A signpost at Coppermine, above the Arctic Circle.
37. *Japan* – 1966
Miyajima, a Torii, or sacred gateway.
38. *Italy* – 1970
Peggy Guggenheim's Palazzo Venier dei Leoni: a plaster cast of a sculpture by Giacometti.
39. *Sri Lanka* – 1969
Medieval Bodhisattva in gilt-bronze.
40. *Greece* – 1981
Mycenaean wall painting from Thera, the National Museum.

41. *Greece* – 1981
    Cycladic statue, seated figure playing harp, the National Museum.
42. *Israel* – 1966
    The Sea of Galilee.
43. *England* – 1981
    View through wrought-iron grille on Brighton Pier.
44. *Italy* – 1972
    Christmas crèche, Naples.
45. *Spain* – 1979
    Detail from the El Pilar Treasury at Zaragoza.
46. *Iran* – 1977
    Interior of the Great Shrine at Mashad.
47. *Turkey* – 1963
    Istanbul – Dolmabahce Palace.
48. *England* – 1981
    Brighton Pier, a threatened landmark.
49. *France* – 1981
    Nimes.
50. *Turkey* – 1963
    Roman Heliopolos on the Anatolian Coast.
51. *Turkey* – 1963
    Classical temple fragments at Ephesus.
52. *Japan* – 1966
    Shrine at Ise.
53. *Egypt* – 1978
    Pyramids and Sphinx at Giza, *Son et Lumière*.
54. *Tunisia* – 1966
    Great Mosque at Kairouan.
55. *Italy* – 1980
    Sant'Andrea al Quirinale by Bernini, in Rome.
56. *Jordan* – 1964
    Rock-cut temple at Petra.
57. *Iraq* – 1963
    Sassanian mud palace at Ctesiphon.
58. *Israel* – 1963
    Medieval supporting arches.

59. *Greece* – 1981
    Pronaos of fallen temple at Corinth.
60. *Egypt* – 1978
    Inner Sanctuary of Luxor Temple.
61. *Canada* – 1982
    Grain elevators, like a white Louise Nevelson sculpture, Alberta.
62. *Canada* – 1965
    Grain elevators.
63. *Canada* – 1980
    Calgary city centre, Alberta.
64. *Turkey* – 1962
    Reflected Mosque, Istanbul.
65. *Israel* – 1962
    The Dome of the Rock, Jerusalem.
66. *Greece* – 1980
    Santorini, in the Cycladic Islands.
67. *Greece* – 1980
    Cape Sounion, Temple of Poseidon – jacket subject of *The Gods of Greece*.
68. *England* – 1982
    Across the Thames in winter.
69. *Canada* – 1982
    Ottawa, Houses of Parliament in winter.
70. *Italy* – 1975
    Rome, the view from my Tiber terrace, Santa Maria in Cosmedin.
71. *United States* – 1982
    Gigi Woolworth with Frankenstein in Hollywood.
72. *Iran* – 1978
    Myself with a statue of Kamran Diba, the architect, Museum of Contemporary Art, Tehran.
73. *Canada* – 1982
    Ottawa, Prime Minister Pierre Trudeau with his sons at Harrington Lake.

74. *Canada* – 1982
    Governor General Edward Schreyer with his youngest son and friend.
75. *Italy* – 1980
    In the Piazza Venezia on a quiet day.
76. *Spain* – 1979
    Toledo Gate.
77. *India* – 1969
    Peggy Guggenheim at Rameswaram Temple.
78. *Italy* – 1981
    A hoarding in Venice.
79. *Turkey* – 1963
    Changing of the Guard at the Ataturk Monument, Ankara.
80. *Italy* – 1972
    Alone at last in Sicily.

The appreciation of the audience was expressed by Ronald Goodall, a Director of The Empire Club of Canada.

Later in the Club's year, the members were saddened to hear of the untimely death of Dr. Beny in Rome on March 16, 1984.

NOVEMBER 3, 1983

The Great Equalizer: Nuclear Power and Canadian Electricity

AN ADDRESS BY Milan Nastich,
INTERIM CHAIRMAN, PRESIDENT, AND CHIEF EXECUTIVE OFFICER,
ONTARIO HYDRO;
PRESIDENT, CANADIAN ELECTRICAL ASSOCIATION

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished guests, members, and friends of The Empire Club of Canada: In our current times, so often described as the nuclear age, few descriptive words result in such diverse and emotion-packed feelings as that word *nuclear*. Whether we use the word in discussing the unparalleled risks related to nuclear weapons, or when talking in the completely different sociological sense of the nuclear family where such widespread adjustments are required, the implications are fundamental and affect us all. This concern and debate also certainly surrounds the question of nuclear power.

At the present time, approximately one-third of Canada's energy needs are provided by electricity, of which more than half is provided from hydroelectric sources, approximately one-third by thermal, or coal-fired, plants, and the remainder – approximately 7 per cent of generating capacity – from nuclear plants. Yet, in the next decade, the major growth in electrical capacity will be in the nuclear area – capacity is expected to almost triple. Thus, overall in Canada, nuclear power is presently small in relation to total energy sources, but it is certainly projected to be the growth area. This is in sharp contrast to current attitudes in the United States, where no nuclear reactors have been built in the last five years, and where more than forty have been shut down during that same period.

The reasons put forward for increased dependency on nuclear power range from its low cost through environmental reasons such as acid rain reductions as our reliance on coal-fired stations is reduced. However, there is increasing concern in the aftermath of the Three Mile Island accident and the current pressure-tube problems at Pickering – I expect Mr. Nastich feels jinxed every time he hears the words "pressure tube" – as to whether in the long term nuclear power *is* indeed cheaper, whether it *is* environmentally better in terms of disposal of highly radioactive nuclear waste, and above all, whether it is *safe*.

To address these matters today, we have a man who is intimately familiar with the relevant issues through his responsibilities as interim Chairman, President, and Chief Executive Officer of Ontario Hydro. His being willing to address the question of nuclear power, which is currently getting so much attention, and which is of such interest to us all, is particularly appreciated.

Milan Nastich has an extensive background in the electrical energy field. He has been with Ontario Hydro since 1949, when he started as an electrical planning engineer in the systems planning division. Since that time, he has held increasingly senior positions in almost every area of the organization, culminating in his appointment as President three years ago. Last April, his responsibilities were increased further with his appointment as interim Chairman.

In the current year, Mr. Nastich is also President of the Canadian Electrical Association. The CEA is the national grouping of the electric utilities across Canada, representing an industry with more than $50 billion invested in plants and employing over eighty thousand people.

I am pleased to welcome Mr. Milan Nastich to address us today.

MR. NASTICH:

Mr. President, ladies and gentlemen: You have probably heard a thousand times over that Canadians are the biggest energy users in the world. I guess that's true, but in our defence, let me say that we've got a punishing climate and a land which, while rich in resources, doesn't always give them up easily – or equally. But Canadians do cope and cope well.

Canada is a large country with enormous geographical variations. From our pioneering days, different parts of Canada have learned to cope by relying on regional resources. The development of our provincial electrical utilities has evolved in that way, too. Because of variations in geography, we generate electricity differently in different parts of Canada.

Take, for example, my own home province of British Columbia. BC Hydro relies almost exclusively on hydroelectric power. Neighbouring Alberta, on the other hand, uses coal to meet most of its electricity needs. Ditto for Saskatchewan. Manitoba, Quebec, and Newfoundland are basically hydroelectric utilities. Ontario has a mix of nuclear, coal, and hydroelectric, while the Atlantic provinces rely on coal, oil, and more recently, nuclear energy.

If someone told me that a group of industries used totally different raw materials in their production process, I'd figure that they'd have quite different kinds of problems. Well, that's not the case. The surprising thing is that Canadian utilities face remarkably similar challenges – namely, surplus generating capacity, financial capability, and transmission.

The first challenge is surplus generating capacity. Over the past year or two, a number of Monday-morning quarterbacks have been criticizing utility planning. That's fair enough, but perhaps they'd get a different perspective if they were in the utility's shoes for a while. No matter how you decide to generate electricity – coal, hydroelectric, or nuclear – it takes a dozen years or so to plan and build a generating station. A lot can happen in twelve years, and usually does. During the time

Milan Nastich,
Chairman and President,
Ontario Hydro

it takes you to build a station, you can go through three or four business cycles of recession and recovery, high growth and low growth. During each cycle, there are up phases and down phases. Demand keeps fluctuating but the size of the generating station you're adding to your system cannot. So it's tough for a utility to know exactly how much new capacity to add ten years down the road. We know that we must always have enough, but sometimes we get caught with too much.

That's what has happened. The demand for electricity in Canada had been increasing rapidly up until a few years ago. Now the growth in demand in all provinces – except perhaps Alberta – has dropped off dramatically. The result is that most of the utilities in Canada now find themselves with surplus generating capacity.

Only in Canada, you ask? By no means. The situation across the border is much the same, especially in the northeastern part of the United States. There's little sense in pointing the finger at British Columbia or Manitoba or Ontario Hydro. Just about everyone finds himself with surplus generation these days.

The growth in demand has dropped off the fastest here in Ontario where industrial utilization usually runs at about 80 per cent. Now, it's down around 66 per cent. The good news is that as the industrial sector recovers, industrialized provinces like Ontario can look forward to growth in electricity demand.

The second challenge facing Canadian utilities is financial capability. Electrical utilities are capital-intensive industries. Generating stations and other major projects are largely financed by borrowing. Such facilities take a long time to build, and are very expensive. As a project is built, the debt accumulates, but customers don't start paying for it in their power rates until the plants come into service. The result is that utilities have high debt.

High debt does not necessarily mean high rates, by the way. Often the reverse is true. You can minimize debt by not upgrading your facilities, by continuing to rely on old and dirty and costly generating stations. A utility which did that would keep debt low, but its fuel costs would be enormous, and rates would be high.

So where does debt fit into a utility's financial well-being? We must keep in mind that a utility doesn't borrow just to carry on business. It borrows to acquire new facilities which will produce additional power and generate additional income. Or it borrows to build new and efficient facilities to replace old and inefficient ones.

Financial analysts have long recognized that the level of debt is not the only important thing. Equally important is what a utility *owns*, how well it can sell its products in the market place, and what its prospects for future earnings look like. It's worth noting that Canadian utilities are consistently rated as very credit-worthy by American bond-rating services.

One indication of financial soundness is the debt-equity ratio – the proportion of what a utility owes to what it owns. Maintaining a desirable debt ratio is one factor utility planners have to take into consideration when arranging future additions and borrowings.

The third challenge is transmission. Generating electricity is only half the problem. You've got to get it to the people who use it. Geography has been very kind in giving Canada the resources to generate power. It has been less kind in throwing up barriers to transmitting it. Sources like James Bay or the Nelson River or Churchill Falls are not close to major markets for electricity. And distributing power to a population of twenty-five million people spread out over four million frozen and wind-swept square miles remains an engineering challenge.

Right now, strengthening transmission is a major priority. BC Hydro wants to strengthen its link to Vancouver Island with an underwater connection; Hydro-Québec hopes to improve the reliability of its major links with the James Bay development; Manitoba Hydro wants better transmission to the south; and here in Ontario, we expect to complete new transmission in southwestern and eastern Ontario so that customers get full and reliable access to the power from the new stations Ontario Hydro is building.

In spite of these potential problem areas, the Canadian electrical industry has consistently produced electrical power at rates that compare very favourably to other countries. Your typical residential electricity bill in a major Canadian city is $40 to $45 a month. In comparable American cities, you could expect to pay $60 to $70, or more. Naturally, I'm biased, but I think Canadian rates are very reasonable. And I think it's a sign that we're doing something right when Canadian electricity bills from province to province don't vary that much – not nearly as much as from state to state in the United States, for example.

The secret of our success – and I think it fully deserves to be called a success – is that each province has gone about developing its own cheapest source of power. British Columbia and Quebec have been blessed with hydroelectric resources, which they're developing. There are large low-sulphur coal deposits on the prairies, and that is what utilities out there are using.

Nuclear power also fits into this Canadian philosopy of relying on indigenous provincial resources. Let me review for a moment how and why Ontario decided to build nuclear power stations.

In the first half of the century, Ontario Hydro developed Niagara Falls and dozens of other hydroelectric sites. Then, in the 1950s, with the most accessible and economic hydraulic sites already tapped, the province began to build coal-fired stations to meet growing demand. The provincial government, the Government of Canada, and Ontario Hydro recognized the potential of using uranium in combination with heavy water to generate electricity. So they collaborated on developing demonstration Candu reactors to see if that potential could be brought into reality. As the Candu system proved itself safe, reliable, and economical, Ontario Hydro decided in the sixties to build nuclear power stations at Pickering and Bruce.

The success of the Pickering and Bruce stations has been remarkable. They now meet one-third of the province's electricity needs at two-thirds the cost of coal generation.

I like to think of nuclear power as a great equalizer and as proof that provincial energy-resource development in Canada has worked well for us. Nuclear power gives provinces with no indigenous coal or hydroelectric resources an economic alternative to gas or oil or imported coal.

For the next few minutes, I'd like to talk about the recent pressure-tube crack at Pickering. As you will recall, back on August 1, one of the pressure tubes in Unit 2 cracked, spilling heavy water on the reactor floor. Like many people, you may be wondering what that means for the future of nuclear power. Is this an ominous sign of trouble ahead for the Candu system? Is the public in danger? What does it mean to your hydro bills – can we still afford nuclear energy?

Unlike several other incidents that have happened over the past few months at our nuclear stations, the pressure-tube crack was a significant and unique problem. We still don't know what caused the tube to split. What we do know is that all radioactivity was contained and that the operators efficiently shut down the reactor without any of the back-up safety systems having to come into play.

Hydro never doubted that a pressure-tube crack, or an incident far more serious, could be handled safely. Far from calling into question the integrity of the design, the pressure-tube crack confirmed our confidence in the system.

I'd like to point out that no one – and certainly not Hydro engineers – ever expected the Candu to be problem-free. It was designed by humans, built by humans, and it is run by humans. Mistakes and breakdowns will happen. But the Candu reactor has perhaps the most extensive back-up safety systems of any industrial process.

Pressure tubes are the hardest-working parts of the reactor. In the original Candu design, Hydro thought tubes would have to be replaced in about ten years, or perhaps twice over the working life of the reactors. But experience with the larger Candus gave cause to expect that with some adjustments, the tubes might well last twenty years or longer.

Anyway, the idea of replacing pressure tubes wasn't born this summer. It was built into forecasts of the economics of nuclear power. Hydro knew its reactors would have to be shut down for tube replacement. It has just been a question of when. The crack in one of the 390 tubes in the twelve-year-old Pickering reactor may have given the first hint of an answer. But I must emphasize the jury is still out because all the data is not in.

What will it all mean to hydro bills? Since we don't yet know what caused the crack, we don't know whether we're looking at replacing one or two tubes or accelerating the replacement of all tubes in Pickering Units 1 to 4 and Bruce Units 1 to 3.

The costs would vary accordingly. But if all had to be replaced sooner than expected, the average hydro bill would go up about sixty cents per month for ten years, starting in 1986. But since there wouldn't be retubing in the 1990s, there would be a sixty-cent a month reduction, beginning in 1997.

Early retubing would be a major and costly project. As you can see though, it wouldn't have major effects on most people's power bills. Nor would it alter the fact that nuclear energy is by far the most economic alternative to coal generation. It costs Ontario Hydro a million dollars a day more to get the same power out of the Nanticoke coal-fired station than to run the Bruce nuclear plant. The cost of early tube replacement pales beside the cost of imported coal.

I think it would be most unfortunate to allow the tube crack to erode Canadians' confidence in nuclear energy and Candu technology. No one would scrap an otherwise sound car just because the piston rings needed replacing.

Canadians have shown a strange tendency to deride some of their proudest accomplishments. The Candu system certainly ranks in that list. The Candu reactor has proven itself second to none. The best engineers and scientists designed it and developed it. Nuclear power is a young technology, but not an unproven one. Year after year, in study after study, Candus have shown themselves to be the best in the world for reliability and performance.

Without the cost benefits of nuclear energy, Ontario could put itself out of synch with the electricity rates in the rest of this country. That would jeopardize Ontario's position as the industrial heartland of Canada. Nuclear power is an important part of Canada's diversified energy mix, and it has found, and will continue to find, a well-earned place as an equalizing force on the electric power scene.

The appreciation of the audience was expressed by Harry T. Seymour, Second Vice-President of The Empire Club of Canada.

NOVEMBER 10, 1983

Canada–U.S. Relations – Some Thoughts about Public Diplomacy

AN ADDRESS BY Allan E. Gotlieb, M.A., LL.B.
CANADIAN AMBASSADOR TO THE UNITED STATES OF AMERICA

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

As everyone is aware, today's luncheon is our Remembrance Week Luncheon, and on this important occasion I ask BGen. Andrunyk, a distinguished Past President of the club, to speak for a few minutes on its significance.

BGEN. ANDRUNYK:

Mr. President, Your Excellency, distinguished head table guests, members and friends of The Empire Club of Canada: Tomorrow marks the sixty-fifth anniversary of the end of the First World War. It is a day we now commemorate as Remembrance Day. It is a day when we pause to reflect and recall and pay tribute to nearly 106,000 of our fellow Canadians who died in the service of our beloved country for the principles of freedom and justice upon which Canada was founded and for which she continues to stand.

It is also a day when we should take time to reflect on the price of freedom and our responsibility to those who have paid that price. Their sacrifice should remind us that the price of freedom, as well as peace, is expensive. It is a price we all have to share.

Finally, Remembrance Day should remind us that two basic human qualities are essential for the greatness of any nation. I can do no better than quote from the words of Brigadier Milton

Gregg, a distinguished Canadian, an outstanding soldier, and a holder of the Victoria Cross, who in 1975 said:

> I believe we can turn our backs on the prophets of gloom and dire calamity and foster a new buoyancy of spirit in the years ahead. We have come to realize that *unselfish service* and *individual sacrifice* do achieve the most worthwhile rewards in life. By seeing to it that these qualities will continue to prevail in Canada, we will be paying the highest possible tribute to those whom we honour this Remembrance Day.

I now invite you to rise and stand in silence for a moment to pay tribute to those who died in the cause of freedom everywhere.

THEY SHALL NOT GROW OLD, AS WE THAT ARE LEFT GROW OLD:
AGE SHALL NOT WEARY THEM, NOR THE YEARS CONDEMN.
AT THE GOING DOWN OF THE SUN AND IN THE MORNING
WE WILL REMEMBER THEM.

MR. DERRY:

Thank you, General Andrunyk.

Distinguished guests, members and friends of The Empire Club of Canada: The relationship and interrelationship of Canada with the United States is a topic which has been of vital ongoing concern to Canadians throughout our history. Twenty years ago on Canada's birthday, Charles Ritchie, then Canadian Ambassador to the United States of America, raised questions which are quoted in his recently published diary:

> Can our country survive as an independent, united sovereign state – a reality, not a fiction? Or must we fall in the embrace of the USA? We struggle in the net, make fumbling attempts to find our way out, but all the time are getting deeper in, both in terms of our defence and the control of our economy.

While Mr. Ritchie happened to address that issue twenty years ago, I expect that today's speaker might agree that the questions raised are equally applicable today – as was indeed the case a hundred years ago.

Although this subject is one which has concerned us as long as Canada has existed, it by no means suggests that our interest in the subject is in any way diminished. Few subjects raise the concerns and ire of Canadians more than the influence of the most powerful country in the world upon us, versus the price of attempting to lessen that influence and exert ourselves as a nation, or of the economic opportunities lost through programs designed to address the issue, such as FIRA or the National Energy Program. A different dimension of our relationship with the United States is getting considerable current attention in the wake of events in Grenada – from some quarters it is suggested that at a diplomatic level we are not close enough.

So it is with great interest that we welcome today our Ambassador to the United States to discuss current relations with our closest neighbour.

Born in Winnipeg in 1928, Mr. Gotlieb attended the University of California; Oxford, where he was a Rhodes scholar and received his bachelor and master degrees; and Harvard, from which he graduated in 1954 with a degree in law. He was on the Board of Editors of the *Harvard Law Review* and became a barrister of the Inner Temple in 1956. Mr. Gotlieb has lectured at Oxford, and been a professor at Queen's, Carleton, and Ottawa universities.

Mr. Gotlieb is also the author of three books: *Disarmament and International Law*, *Canadian Treaty-Making* and *Human Rights, Federalism and Minorities*. In addition, he has published many articles in the fields of political science and domestic and international law.

Since 1957, Mr. Gotlieb has been with the Canadian government, where he has held a variety of increasingly responsible, and I am sure, interesting posts. He started with the Department of External Affairs where he remained until 1968, serving in Ottawa, Geneva, and at the United Nations. In 1968 he was appointed Deputy Minister of the then new Department of Communications. In 1969–70 he was Chairman of the Federal Enquiry into Telecommunications in Canada, and the next year he was Co-Chairman of a government task force on Privacy and Computers. From 1973 to 1977 he was Deputy Minister of Manpower and Immigration and during that period he was also named Chairman designate to the Canada Employment and Immigration Commission.

In 1977, Mr. Gotlieb was appointed Under Secretary of State for External Affairs, and in December 1981 he presented his credentials to President Reagan as Ambassador to the United States of America.

It gives me great pleasure to welcome Mr. Allan Gotlieb to report to us today on the current state of Canada–United States relations.

MR. GOTLIEB:

Mr. President, ladies, and gentlemen: Coming to Toronto to talk about Canada–United States relations is a bit like going to Salzburg to talk about Mozart. The speaker has to be very careful what he says.

At the outset, and in a spirit of congratulation which I hope you will later on reciprocate for my speech, though I am by no means sure, I should underline that I find it understandable that much of the worry about Canada–United States relations that goes on in this country should be centred in Toronto. This city contains most of our English-speaking economic nationalists.

I remember that in school, the single word *Sir* could be used to address in precisely different ways a teacher who was either a beast or a prince, a simpleton, or a sage. So it is with the word *nationalism*. I think it is possible to use the word in a positive way, in the sense of some of the good things that have happened to this country in the last fifteen or twenty years. Most of them are self-evident in this city. There is a cultural self-confidence that honestly would have been unthinkable not too long ago. Moreover, the self-confidence of Toronto is outward-looking. You know that you live in one of the most interesting cities in North America, indeed in the world, and also in one of the most livable and most efficient. You are right to think that on the local level you all have the priorities pretty well right. The schools are good; the public transportation is clean, safe, and frequent; and basic services, such as health care, are available to everybody at a minimum of inconvenience and personal cost. I'm not saying this just to flatter you. It is germane to the subject of my talk. I live in a very beautiful and well-known American city where the quality of these basic services is not comparable to your own. It constantly amazes me that most of the people I meet don't seem to be too bothered by such inadequacies. I hasten to add that there are many well-known great and splendid things about the United States of America but the availability of health care at minimal cost and the frequency of urban mass transport – particularly on the weekends – in its cities, are not among them. To see the vitality of downtown Toronto on a sunny autumn afternoon – that makes one proud of what Canada is doing with its cities.

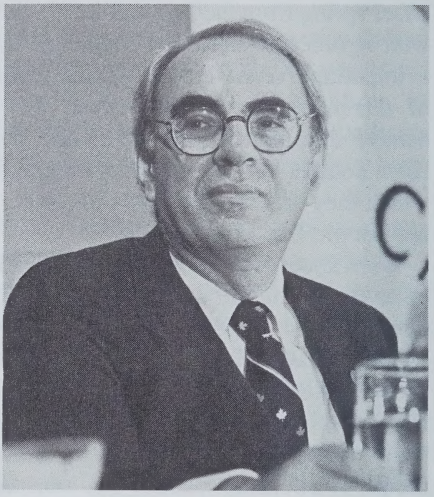
In making comparisons, I am not making a value judgement. It is just a symptom of different ways in which the two countries have developed. Those differences are pretty well understood by Canadians. Not all of these differences are in our favour, by any means, but we Canadians accept the unfavourable comparisons along with the favourable as a rather natural thing on the very reasonable basis that we are, after all, different countries.

If you think that I am stating the obvious, I am. Obvious to you, but not obvious at all to Americans, or at least to the American process.

You know, I've come to realize after two years in Washington and extensive travel in the United States, that there is at the heart of our relationship the fact that out there both in the grass roots and in the cities, Canadians are often not really seen by Americans as *foreign*. We are neighbours, friends, cousins, fellow North Americans; we are Canadians, but we are not foreigners. When Peter Jennings was recently named anchor at ABC, Roone Arledge, head of ABC news and sports, was asked if there was a downside to having a non-U.S. citizen as anchorman of one of the three most influential news broadcasts in the country. I can't recall his precise words but they were something like, "Well, you know, he's not really a foreigner, he's a Canadian." Well, this view of Canadians is an enormous and certainly unique compliment to us. It gives us opportunities and advantages and I will discuss some of these later. But if there is a downside to this view of Canadians – and perhaps there is – it is that if we are often perceived as Americans, then there is surprise when we don't behave like them. The view might then be that we are behaving like confused or naughty Americans or even perverse ones. Whatever the perception, the reasons why we sometimes need to behave quite differently from them is not fully appreciated, and this is why I believe it is essential for Canadians to engage in public diplomacy in the United States; to explain Canada, to encourage Canadian studies in the United States; to export our cultural products and achievements, to create greater understanding of our Constitution, political system, and history. We have to explain these things to understand that we are indeed different, because of our very different geography, our vast expanses, our scattered populations, our thin bank along the border, our regional character and diversity, our bilingualism and multiculturalism, our degree of foreign investment and control. We will always have national policies in Canada – whatever the party in power – aimed at cementing our sovereignty, strengthening our unity, our east-west axis or ties, our transportation links, our access to our North, our languages and cultures; and aimed at enhancing our ability to strengthen our nationhood and benefit our peoples. Americans, with good reason, do not speak of their national unity and their national identity: they never speak of their sovereignty or independence. That is not part of their vocabulary. All these differences spring from the fact that we are different political entities with significantly different challenges and problems to face. It is important for our closest friends, with whom we share most of this continent, to understand that when we Canadians behave differently from them, and when differences create some conflict between us from time to time, the policies from which they arise are not anti-American, not in the least. They are just pro-Canadian.

What about the management of our differences? With every other country in the world, we can limit government intervention, by and large, to necessary relations with the other country's national government. When there are problems, the two administrations relate to each other in a way designed to iron them out. But with the United States, it does not necessarily happen that way. This is particularly true because of the unique relationship Canada has with the United States. Why unique?

In the first place, and we all probably know the facts by now, it is the densest and most complex relationship in the world, encompassing enormous amounts of trade, tourism, and day-to-day interactions and transactions, not all of them, acid rain, for example, pleasant, and thirty-five hundred miles of what someone once called the longest undefended platitude in the world. It is a commonplace to say that the relationship is asymmetrical, that our dependency on the United States is proportionately much greater than that of the United States on Canada, and that this makes us much the more vulnerable of the two countries. But I'm not at all sure. After all, the United States sends some 18 to 20 per cent of all its exports to us. Go to California to find out we are the biggest importers of their wines and vegetables. Go to Florida and see the endless clouds of snowbirds. Think of the jobs involved on both sides. Today, in a world which is terribly unpredictable and even dangerous, the United States and Canada need each other. We need the United States and we are dependent on it. The United States needs us and is dependent on us. For each of us, the relation-



Allan E. Gotlieb,
Canadian Ambassador
to the United States
of America

ship is unique among all of our other relationships, because of the volume of activities between the two peoples.

The deep interdependence of Canadian and American interests and the unique volume of activity involving our two peoples, makes our interests in the United States vulnerable to a process much larger, much more complex than that of simply working out our problems with the federal administration, which is the way foreign relations are classically supposed to be conducted. And as I have said, there are going to be problems.

Constantly I am asked in Canada, "Well, how are our relations?"

"Good, very good," I say. And they are good.

"How can they be good?" people sometimes respond. "Look at all the problems."

But these are not, for the most part, problems we have with the Reagan administration. They are problems with the American process and that is another thing which makes relations between the two countries unique. No country inevitably becomes so much engaged in the domestic process of another country than Canada does in that of the USA. This is because Canada is so greatly affected by American domestic legislation and regulations.

Thus a great deal of American foreign policy toward Canada is not really its foreign policy at all but its domestic policy. Put it another way. American foreign policy toward Canada is largely an aggregation of domestic political economic thrusts. The result is that Canadian *foreign* policy toward the United States is the obverse side of American *domestic* policy affecting Canada. And so, inevitably, we are drawn into the same American *domestic* process, whether we like it or not.

Fortunately, Canada is sufficiently self-confident today about its longer-term institutions to be able to look at that situation with equanimity. We are able to stand back and say, "OK. We are deeply affected by the American domestic political process. So what do we do about it?"

First of all, what is the situation?

Broadly speaking, and limiting myself to bilateral relations, differing national interests emerge as a result of three sorts of dynamics; what I shall call political, institutional, and regulatory.

None of this is meant for a second to suggest that what we share with the United States is not greater than any of what I am about to describe as things which differentiate us. But as I have stressed, we are different countries, and there are some very practical, concrete, national interests involved.

So let's talk about these dynamics.

First, what I term the political. There is a mood of nationalism and patriotism in the United States today which is a product of many things. By and large, it means that Americans are not going to be pushed around any more, by foe or by friend. There is a belief that in a world economic climate of probably shrinking expectations, American interests have not always been dealt with fairly, that other countries are well advised to play by the same rules as the United States or else face criticisms or retaliation or be in some other form of trouble. That describes what I see as a broad public mood in the United States.

Now the fact of the matter is that these are not necessarily the views of the Reagan administration, and certainly not in terms of the economic relationship which it is meant to manage with Canada. The administration remains committed to an outward-looking trade and economic policy with the rest of the world, but the point is that it is not with the administration that we have most of our problems. It is with Congress, which more specifically reflects the public mood.

That brings me to the second dynamic, representing an area of difference; the institutional. In the United States, there is a system of checks and balances which divides power among the Executive, the Congress, and the Judiciary. Like ourselves, the United States is also a federal state. But unlike ourselves, the legislature has an independent responsibility for involving itself in American relations with other countries. There is the celebrated prerogative to advise and consent in the Senate which has affected several of our treaty-making ventures. But even more important than this for Canada is the extent to which Congress, in the normal course of its business, independently takes specific decisions which directly or indirectly affect our interests, sometimes at considerable potential cost to our interests.

I will say more about Congress in a moment, but first let me turn to the third area of basic difference between the two countries, that of our regulatory systems.

The population of each country has had different development experiences. This is natural, although as I suggested earlier, not generally understood at the popular level nor, I should add, at the level of special interests. Our different geographies, demographies, systems of capital formation, and a whole lot of other features have required our respective governments to deal over the years with specific development problems in ways suiting our respective national circumstances.

The United States is now on a course of massive deregulation. We are not, but I reject the generalization that the United States abstains from the market while the Canadian government intervenes.

In fact, the United States, according to some studies, administers more of its trade than Canada, but we have had different experiences, and different needs, and in consequence we have a different regulatory concept in many areas, whether it is a system for enabling private forest product companies to cut lumber on public lands, or to issue oil and gas leases, or a system for encouraging vital air transportation between communities, or providing vital communications services on a national or regional basis. One country's regulatory system is not necessarily better than another, and, generally speaking, the different systems are probably right for each country. But there are going to be differences in the systems. In times of difficulty economically, these differences can frequently be mis-diagnosed in public political moods as representing threats. The institutions translate these threats into retaliatory action.

These are times of economic difficulty, as we well know. Even as economic recovery takes hold, it does not do so evenly. In the United States, some areas will be more affected than others. Growth is and will be very uneven. There has been and will continue to be a movement of people out of the older northeast and midwest industrial areas toward the southwestern and western sunbelt. All this is part of the process of economic restructuring, involving a move away from traditional smokestack industries into high-tech and service-related industries, bringing with it dislocation and uncertainty, leading in turn to demands for assistance, intervention, or protection from the government. Basically, union jobs are seen to be leaving for non-union areas. The effect is one of regional competition – for industries and for jobs. Those parts of the country which these days are feeling most defensive about the exodus have traditionally been the most outward-looking. In fact they are also those which are contiguous to Canada. This is an important point. Their impact is on Congress. The Congress on which they impact is a very different one from that of twenty years ago.

First of all, Congress now is enormously decentralized. There was a time when the congressional leadership via the seniority system could much more easily control the chambers and, particularly, block legislative initiatives which were not deemed useful or convenient. The administration could make deals and thus rely on Congress to respond on most issues of national interest to the administration's lead. Foreign governments could therefore more or less consider that the executive to which they are accredited would take care of their own interests at play in Congress.

I don't want to oversimplify this. Woodrow Wilson would not agree that I am describing novel events but I think that generally, since the Vietnam War, there is a greater degree of independence from the administration felt by Congress as an institution. And since the time of the reforms of the early seventies within Congress, which basically did away with many aspects of the seniority system, there is much greater decentralization within the power structure of Congress itself. Virtually every member of the Senate, for example, is the chairman of something, representing a basically independent power base.

Other developments, including the emergence of political action committees and the impact of television on political campaigns, which has encouraged even greater self-reliance and independence among members, have reinforced these trends.

The end result is a Congress which is much more fragmented and atomized. More than ever before, members of Congress respond more directly and immediately to regional and local pressures from their specific electorates.

These are the same electorates which are feeling nationalistic and, I would have to say, protectionist. These feelings are not directed against Canada. Indeed, I would say that Canada is pretty popular. But this doesn't necessarily help our case.

A Congressman without any specific economic interests in the matter is sadly unlikely to oppose legislation which hurts Canada if a colleague considers such legislation to be in the best interests of his constituents. To believe he would oppose it simply on the grounds that it strikes him as being unfair to a country he likes is to place our faith in some fairly fragile sentiments when it comes down to the hard politics of regional trade-offs. The only way Canadian interests will prevail will be if they are consonant with American interests which can prevail.

In short, when there was acid rain just in Muskoka, there was sympathy and understanding among many in Congress. But it was not until there was acid rain in Maine, New Hampshire, New York, and Vermont that there were actually going to be some votes in the same direction.

Basically, there are three sources of legislative impulse which can affect Canada. Legislation specifically directed against Canadian interests can emerge: I think of uranium, or trucking, or the import of natural gas. Or in the closely related semi-judicial area, there have been softwood lumber and subway cars.

Or, legislation can be generalized in its attempt to protect against trade practices of quite different countries, usually the Europeans or the Japanese, but sideswipe Canada in the process. I think of the surface transportation assistance act and impacts on steel and cement or the domestic content legislation in Congress today, which has passed the House of Representatives but is not too likely to become law and which contains no recognition of the Canada–United States Auto Pact.

Or, legislation can be domestic in direction and not intended to deal with other countries at all. I think of the clean air act.

But the fact of the matter is that the overall foreign policy of the United States toward Canada is an aggregate of all of these things. Our relations with the administration can be very good, as I believe they are, and yet still leave us with a lot of problems.

We do discuss these questions with the administration and I don't want you to think for a second that we are letting them off the hook. They remain, and have to remain, our principal interlocutors, but we have to recognize, realistically, that a great deal of work has to be done ourselves. In fact, this may mean done by yourselves, because public diplomacy, which is the only possible antidote, is meant to impress the constituents of legislators of the wisdom in not taking action against Canadian interests. Not because such action is not nice but because it hurts specific *American* interests. It is up to those who sell the product which is in trouble in the United States to make sure that the purchaser, the beneficiary, is making just that point. It is in his interests to go on making the purchase or closing the deal, and he ought to be prepared to say so.

I have just scratched the surface of this relationship but I hope that I have scratched deeply enough to convince you of what I said at the outset: that it is unique. Somehow we need to continue to look for ways to live with unpredictability and reduce the potential damage it causes us. More than eleven years ago, a policy called the Third Option was designed, which was suitable for circumstances then. A lot has happened since then. In particular, Canadian institutions are being strengthened in some key areas of economic and cultural life. Their strengthening was required because of what is sometimes called the "inadvertent power" of the magnetic forces in the United States over aspects of what Canadians see to be in their national interest.

Today, policy approaches more in tune with the needs of the *next* decade are bound to be studied. Some commentators and authorities are calling for sectoral co-operation in key areas of trade with the United States, and the Canadian government has announced that it is actively studying this. Some argue that an "exceptions" principle may be necessary to find insulation from the often arbitrary and certainly unpredictable processes of political life in the United States of America.

I know that classic diplomacy won't necessarily do it even though the two administrations have probably been more successful than any of their predecessors in terms of getting Canada–United States relations to the top of their respective political agendas and dealing with the major problems accordingly. But that being said, as we are currently seeing on acid rain, the administration can't always deliver.

What is very reassuring to me is the extent to which, even as we accept that problems in the relationship are normal, we can still pretty well count on being able to manage them and keep them in proportion. It is an unusual relationship, but I think it is very much an adult one among countries, and what I have prescribed above is a case to be made for acting in our own adult self-interest.

The appreciation of the audience was expressed by The Honourable Barnett Danson, a Director of The Empire Club of Canada.

NOVEMBER 17, 1983

Eightieth Anniversary Luncheon

AN ADDRESS BY

The Honourable Joseph R. Smallwood,
P.C., D.C.L., LL.D., D.LITT
FORMER PREMIER OF NEWFOUNDLAND,
AUTHOR

CHAIRMAN

The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished guests, members and friends of The Empire Club of Canada: Our guest speaker today has come from an island which this summer celebrated the four hundredth anniversary of the claim by Sir Humphrey Gilbert, which made Newfoundland Britain's first colony in its Empire outside of the British Isles. Our club's celebration of eighty years seems minor in comparison with Newfoundland's history, and yet it has, over the last eighty years, played a key role as an important forum for discussion and debate of issues vital to Canadians. For this reason, my introductory remarks today are slightly longer than normal.

It all started on November 18, 1903. A dozen gentlemen met for dinner at Webb's Restaurant – at the southwest corner of King and Yonge streets, currently the site of Lulu's Café within the Toronto Dominion Bank building – to discuss the formation of a new club for which a name was not at that point decided, although the "British-America Club" was suggested. As expressed by Mrs. Brooks-Hill's* grandfather, James Mason, a militia Lieutenant-Colonel and lawyer, who became the first president, the members were to have the "opportunity of attending weekly meetings at which addresses shall be delivered by men desirable to hear."

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*Helen Brooks-Hill, a member of The Empire Club, was that day at the Head Table.

The club was formed at a time of strong public feeling against the British connection. The prior month, Lord Alverstone, the British representative on the six-man Alaska boundary tribunal, had sided with the three American representatives to give the Alaska panhandle to the United States and quite naturally, Canadians were enraged. However, in the opinion of many of the club founders, a severing of the British connection would cause a vacuum, the end result of which might be annexation of Canada by the United States. As Colonel Mason was quoted in the *Star* of November 19, 1903:

> The Club we have in mind will have as its main feature the fostering and continuation of a closer connection with the Empire in order to maintain our integral existence as a self-governing colony. If we seek a parallel as to what might be expected of the United States in case Canada stood alone, we have only to consider their recent action with regard to Panama.

So many actions and decisions in Canada's history have been affected by concerns over our relationship with our closest neighbour!

An organizational meeting was held the next week and the club's constitution and name – The Empire Club of Canada – were agreed upon. The first meeting was then held on December 3, with 90 out of the total initial membership of 160 in attendance. The first speaker was William Clark, a minister and professor who talked about annexation and independence, and who subsequently became the club's second president.

In the eighty years since that time, Canada has evolved from a colony of Britain to an independent nation which is by choice an integral member of the Commonwealth. Fears of American annexation have subsided to be replaced by cycles of concerns regarding our cultural and economic independence and economic opportunities. Our club has grown and evolved with Canada, fulfilling its objectives through weekly meetings with speakers of sufficient interest and calibre that our membership now exceeds twenty-four hundred. Each of the addresses is included verbatim in the yearbook, which has been published continuously since our first year and which is provided free of charge to libraries across Canada by The Empire Club Foundation.

To review these yearbooks is to review the issues confronting Canadians through those years, and the attitudes and viewpoints of the day. With hindsight, many addresses can be seen to have been extraordinarily perceptive and others, quite naturally, could not have been further from the mark. But all served to stimulate informed discussion and debate.

So it is pleasing that our club thrives and continues to fulfil a useful role in our society, and that we have such a good turn-out today to celebrate it. There is little doubt that no small part of this attendance is due to our good fortune in Mr. Smallwood consenting to return to address us.

Joey Smallwood – whenever his name is mentioned, one hears a warm chuckle. His colour, enthusiasm, and energy have caught the imagination of Canadians since he first captured the spotlight as leader of the Confederation-with-Canada Movement in 1947 – and this was after careers as a printer, newspaperman, union organizer, and hog farmer. His efforts in support of Confederation proved successful and upon Newfoundland's Confederation with Canada in 1949, Mr. Smallwood became Newfoundland's first Premier and held that post through interesting and tempestuous times until 1972 – twenty-three years. Mr. Smallwood retired from active political life in 1977, but as far as I can tell, this was only to enable him to have sufficient time for his many other activities.

He has written or been editor of fifteen books and five of these have been published since his "retirement." The titles of the books reflect the man – *I Chose Canada*, *No Apology from Me*, and *The Time Has Come to Tell*. In 1981, Volume I of the *Encyclopedia of Newfoundland and Labrador*, of which he was the editor, was published, and Volume II is to be published early next year.

Joey Smallwood is a most unusual and accomplished Newfoundlander and Canadian, and I was delighted when he agreed to come to Toronto to address us at our eightieth anniversary luncheon. He seems to be making Empire Club anniversary luncheons a habit – he last addressed this forum in 1959 on our fifty-sixth anniversary and his topic, not surprisingly, was "Newfoundland."

I am pleased to welcome again the Honourable Joseph R. Smallwood.

MR. SMALLWOOD:

Mr. President, ladies and gentlemen: I want you to know that I am very conscious of being welcomed back. It is a great honour, indeed, to be here on this particular occasion. Indeed, to be invited to speak to The Empire Club of Canada is one of Canada's greatest honours. I was very proud when I was invited to speak to you about a quarter of a century ago, and I came to the conclusion then that the two greatest honours that a Newfoundlander and new Canadian could receive were to be invited by The Empire Club to come and speak and to be told by ten of Canada's great universities that he is a scholar. I don't know which of the two was the greater honour.

Your Club was two years old when the provinces of Alberta and Saskatchewan were formed and it was forty-five years old when the province of Newfoundland and Labrador was created. Around the same time, within about fifteen or eighteen months of Newfoundland's birth as a province a lot of new states were born – the great state of Israel, the People's Republic of China, the Republic of North Korea, the Republic of South Korea, the Republic of East Germany, and the Republic of West Germany – all about forty-five years after your Club came into existence, and then after that again, forty, fifty, sixty, how many other new states came into existence in Africa and other parts of the world? So your Club has become one of the older, one of the senior, institutions of the world. And so it is a great honour indeed to be invited here to speak to you.

Incidentally, I myself was three years old when your Club was born. I don't know whether to claim that, to boast about that, or to say it shame-facedly, but I was three years old when your Club, your famous Club, was formed.

When my country of Newfoundland joined Canada in 1949 she was the last part of British North America to join Canada, which she did eighty-two years after Canada was formed, forty-four years after the provinces of Alberta and Saskatchewan were formed. And the province of Newfoundland is the only one of the ten that joined Canada in the way she did – that is, by a decision made formally in a secret-ballot referendum by the entire population. Now, Newfoundland wasn't born in 1949 – the province was, but Newfoundland was born in 1497, five years after Christopher Columbus sailed across the Atlantic. He was followed by that great man, John Cabot, in 1497. In fourteen years from now, we will have been there on that island for precisely five hundred years. We Newfoundlanders, who were really Englishmen in disguise – Englishmen, Irishmen, Scots, Welsh, French, Channel Islanders – were the original Newfoundlanders who came there in 1497 and in the years immediately following. We came across the Atlantic Ocean to engage in the very humble and very old – unprofitable as we discovered – trade of catching cod, but in doing that we did something else. We founded the mightiest Empire that man has known on this earth. The British Empire was born in St. John's in 1497, when John Cabot sailed in there from Bristol in the west country of England. We have fished there ever since, a very unprofitable trade, excepting the success of a few merchants. Originally, they were English west-country merchants, and on that same cod fishery some of the great families of England were founded; some of the great family fortunes and titles were founded over scores of years and in some cases hundreds. After the Newfoundlanders first settled on our island, other settlers from Europe settled in other parts of this continent – the northern half of this continent – and made feeble clearings in the forest of what is now called

Canada and cultivated the land, half-acre by half-acre, seeding between the stumps of the trees, so that by the year that I was born, the year 1900, they had coaxed millions of acres into smiling green meadows and prosperous fields with their barns, stone dwellings, and livestock, local roads and post offices, and a degree of material prosperity that Newfoundland had never known and had never even imagined in all her generations. Newfoundlanders cultivated too, but at the end of those first four hundred years of cultivation Newfoundlanders had no productive meadows, almost no local or any other roads, precious few substantial houses and no standard of material prosperity anywhere near that known in any other part of North America. So you see, during those four hundred years their cultivation, the cultivation of the Newfoundlanders, was of the North Atlantic Ocean. They toiled as no farmers ever toiled in North America, risking death daily – and all the toil and danger had not won an acre for them or earned them much more than unending scarcity on land and on sea and in the home.

Truly, truly, fellow Canadians, as we entered the Canadian Confederation in 1949, we didn't have much to show for over four centuries of toil, even though we are one of the largest islands in the world. Tenth some say, the tenth-largest island, not even including the great Labrador – just the island. But the Canadian province of Prince Edward Island, one-twentieth the size of the island of Newfoundland, on that day that we became a province after four hundred years and more of toil, Prince Edward Island had more miles of roads than we had. We had twelve hundred miles on that great island and of these, ninety-four miles were paved, and fewer than two hundred miles of roads and streets were snowploughed every winter. That's what we were, part of what we were on that day in 1949. In that last year before we entered Confederation, we had one motor car to every sixteen families. We had one hundred and forty-four medical doctors for the whole population. We had seventeen dentists for all Newfoundland and

Labrador, and twelve optometrists and opticians the day we became Canadians. We had three hundred nurses in the whole of the new province, nineteen hospitals, most of them just small cottage hospitals. We had the highest TB rate in North America. In that year, we had twenty-four hundred schoolteachers and they were paid on the average $800 per year. In the whole of Newfoundland and Labrador, we had twenty professional engineers. Truly our four-hundred-year effort under eight different forms of government had not paid very handsomely. Three thousand Newfoundlanders who had reached the age of seventy-five or older were receiving our Newfoundland old-age pension – that old-age pension was $30 every quarter. If you had a wife who was also seventy-five you got $30 a quarter for the *two* of you, not $30 each. The three thousand old-age pensioners in a whole year received slightly over two hundred and fifty thousand dollars. Not all received that at age seventy-five because there were so many folks you may have had to wait till you were seventy-six, seventy-seven, or seventy-eight before you could fit in for the few who died to make room for you. There were three old-age homes in the whole of the new province that year and they had about one hundred and fifty people altogether in them. Undeniably, we really were poor people – poor in money, which is not the only thing there is in the world, as you know.

Well, if Newfoundland was like that, why was it that in that secret-ballot referendum, when the whole population of Newfoundland and Labrador were deciding whether we would become a province of Canada; why was it that forty-eight Newfoundlanders out of every one hundred said no? Why did it require a second referendum before there was that very slender margin in favour of joining this great country?

In the whole of Newfoundland and Labrador our whole population started their careers as Canadians with a total of $115 million of life insurance in effect. There were thirty-two banks in the new province that first year. Now, to find other provinces of Canada whose levels and standards of public service and private living were that low you would have to go back thirty to forty years or even more. Before 1949 you would have to go back a long time, in even the poorest of Canada's nine other provinces. That's how we started our careers as Canadians. But now that we are in our thirty-fifth year – it will be thirty-five the thirty-first of March coming – how does it look? What has the result been? Well, for example, those twelve hundred miles of roads have stretched to six thousand miles and if you were to put them end to end they would reach all the way from St. John's to Victoria across this continent, and in fact, back again almost to Winnipeg. The ninety-four miles of paving have stretched to three thousand miles today, the two hundred miles of snow-cleared roads in the winter are now five thousand miles. The one motor car to every sixteen families is now one motor car to every family, with six thousand cars over and above that number. There are six thousand families with two cars and all other families have the one car. The one hundred and forty-four medical doctors are now a thousand, and the seventeen dentists are now a hundred and thirty; the twelve optometrists and opticians are now a hundred and twenty-eight; the three hundred nurses are now five thousand. Our schoolteachers have increased in number from twenty-four hundred to nearly nine thousand and their average salary has increased from $800 a year average to $31,000 a year average. Our university students were nil – we had none in that first year. It was in that first year that I had the proud privilege of introducing legislation into our House to create our university. But we entered Confederation with not a university and not a university student. This year, we have thirteen thousand unversity students at our own university and our twenty professional engineers are now fourteen hundred, which is about as good an indication as you look for normally, to show the progress of any people or any place. Our three thousand old-age pensioners – you remember they had to be seventy-five or older – are now fifty thousand in number and their total yearly pension in the aggregate from one-quarter of a million dollars per year, is now one-quarter of a billion dollars, over $250 million cash a year between them. As in every part of Canada, the old-age pensions start at the age of sixty-five. Our war veterans – we had a lot of war veterans of World War I, World War II, and the Korean War – we had a lot of war veterans and between them all they received $261,000 a year and now it's $40 million a year. The $115 million life insurance that the whole population had to share between them is now this year $7 billion – seven thousand million dollars in life insurance in effect on the population of Newfoundland. Do you think that any province of Canada can equal that – that rate of increase? The taxable income of our eighteen thousand income-taxpayers that we had the first year of Confederation – the whole of their taxable income has grown from $57 million to three thousand million dollars – $3 billion a year is now the taxable income of the two hundred thousand taxpayers compared with the eighteen thousand. No wonder that the thirty-two banks that we began with as a province of Canada are now a hundred and forty-two banks, because there is a lot more money around and it now takes two thousand bank clerks to handle the money. All this, you see, in thirty-five years – surely the most dramatic transformation of any part of Canada or indeed any part of North America. In that short space of time – at least it seems to me a short space of time while I was growing from forty-nine to eighty-three – it seems awfully short.

Now, talking of education, which we were doing a moment ago, let me say this to you. There are at least half a dozen different lessons that have been learned by our province, any one of which would handsomely justify our meagre decision of fifty-two voters out of every hundred to accept Canada's invitation to us to become Canadians. Education is one, and medicare is another. What a story! It's fantastic, it's a miracle, it's incredible, it's straight from heaven, oh yes, thirty million free medical treatments have been given since medicare came to Newfoundland. On education, let me tell you that in all of the four hundred years and more before Confederation, the grand total sum of money spent on education in Newfoundland was fifty-five million. Since we became a province, the grand total amount spent on education in thirty-five years – this is to March thirty-first coming, that rounds out to thirty-five years – the grand total amount spent on education in Newfoundland, the Canadian province of Newfoundland and Labrador, is ninety-one times as much as in the four hundred years. It is five thousand million dollars or $5 billion. Quite a difference – $55 million in four hundred years and $5 billion in thirty-five years. There have been five new colleges since Confederation: the college of fisheries and navigation, which is probably the third-greatest college of its kind in the world, exceeded only by ones in the Soviet Union and Japan. We have students there from all around the world – it's a very great college of fisheries and navigation. The college of trades and technology, the college of engineering, the college of nursing, the college of medicine, and the crowning glory of all, Memorial University.

Now, if you are wondering where all these riches have been coming from, and if you are wondering why it is that we Newfoundland Canadians are better fed, better clothed, better housed, better educated, and healthier than we ever even hoped to be, if you are wondering about that, begin first of all by taking a good hard look at Nova Scotia, Prince Edward Island, and New Brunswick, and perhaps Manitoba. These provinces, like Newfoundland, are Canada's five remaining "have not," or so-called have not, provinces. What's happening in Newfoundland and has been happening for thirty-five years is exactly what's happening in all of Canada's so-called have not provinces. What Newfoundland is getting she is getting very largely indeed from Canada and the difference the decision about what Newfoundland gets and what the other "have not" provinces get from Canada is altogether trifling. This is not necessarily trifling in actual amounts, but only on a per capita basis. There is no other fair way to compare. In each year, for thirty-five years, since we became a province in 1949, without exception, over half of the entire year's revenue of the government of our province has been paid directly to that government – and I received it for twenty-three years and I wrote twenty-three budget speeches – it doesn't matter who delivered them – I delivered five or six of them myself – every year without exception a bit more than one-half of the entire revenue has been paid to the Newfoundland government by the people of Canada through the federal government. That money has been mailed, and continues to be mailed, every month from Ottawa to St. John's.

In each year since we became a province, the people of Newfoundland and Labrador have received one thousand million dollars a year – $1 billion a year – from the people of Canada through Ottawa, with Newfoundlanders paying around a quarter of that back to the Government of Canada in federal taxes. And many millions of it back to the Canadian people in purchases of Canadian goods and services.

When the balance sheet is drawn up, it would take a dull-witted fellow indeed not to see that Confederation is little short of a heavenly gift to Newfoundland. A large part of the money going into the pockets of the Newfoundland people comes, as I said, from the Government of Canada – $60 million a year in family allowances, $171 million a year for old-age security, $400 million a year for unemployment, $80 million a year to railroaders, $32 million to the war veterans, and over $100 million to federal employees, not counting thousands of other people. There is not one person in Newfoundland and Labrador today who does not regularly pocket Ottawa money every year, either as a direct recipient or indirectly. If you are a shopkeeper, you are getting in indirectly from your customers, who get it directly from Ottawa.

It comes to a thousand million dollars a year, $1 billion, paid directly in monthly cheques made out in Ottawa and mailed to hundreds of thousands of people living in Newfoundland. Of course, they spend the money – they could spend a lot more – and it's not easy in Newfoundland today, and I

The Honourable Joseph R. Smallwood with the President
prior to the 80th Anniversary Luncheon

suppose in many other provinces – it's not easy to spend money without contributing some taxes to the government of the province in provincial taxes. As a result, payments made directly to the government of Newfoundland and directly to the people of Newfoundland who pay taxes to the government of Newfoundland, make up a minimum of sixty cents of every dollar that the Newfoundland government takes in and has taken in every year for the past thirty-five years. A thousand million dollars a year direct to the people, a thousand million dollars a year direct to the Newfoundland government – $2 billion. Now, in addition to that, our own provincial economy, our fisheries, farms, forests, factories, and mines, all put together put another $1 billion into the pockets of the Newfoundland people. So you have three great amounts of $1 billion each. A billion direct to the Newfoundland government from Ottawa, a billion direct to the Newfoundland people from

Ottawa, and a billion a year from Newfoundland's own economy, three billion a year, three thousand million dollars. Without Confederation, you'd cut that down to one-third. Indeed, I am not sure that it would be even one-third that you would have left. I'm not sure that our economy would be what it is today, if we were not part of Canada.

Well, you get a province where there is talk of separation. Separatism is the talk of jackasses. You have to be a jackass, and may I please remind you that we have not been deprived of our proper share of jackasses any more than you have in this great empire province of Canada. There are twenty-five million of us Canadians now. One million of them are Newfoundlanders: six hundred thousand of us living in Newfoundland and Labrador and four hundred thousand of us living in the other nine provinces and two territories. You have at least one hundred thousand of them here in Toronto and other towns in Ontario – at least one hundred thousand Newfoundlanders. You have some of them here today. I speak for those million Canadians who are Newfoundlanders.

In the first twenty-three years of our Confederation, I never built a thousand or two or three or four or five thousand miles of new roads, or thirty-eight new hospitals, or eleven hundred new schools, or a university, or five colleges, or anything else without being smart enough to be a politician. You don't stay in office as Premier unless you have some kind of shrewdness as a politician. You have to have some shrewdness and I never built a road or a school or a hospital or a college or a park or anything else without giving myself the ineffable joy of opening it. And in doing so, making a speech. And in every speech – and I mean every speech – thousands of them quite literally, thousands in twenty-three years – in every speech, reminding my fellow Newfoundlanders that you would not have this road, this school, this hospital, this college, this university, you wouldn't have it, you couldn't have it, if you were not Canadians. If we were not a province. So, for twenty-three years you weren't allowed to forget. Not at all. Not that you were wanting to forget it.

But now, for the past eleven years, they haven't heard a word, not one word, of praise of Canada. Not one word of thanks expressed publicly to the people, not one reminder that you wouldn't have this and you couldn't have that, if you weren't part of Canada and, in the meantime, in those eleven years, tens and tens of thousands – I have the actual figures but they'd only bore you – but tens of thousands of Newfoundlanders have died and normally, as anywhere else, the people who die are not the youngsters, they are the oldsters. They are the people who knew, oh how they knew, what Newfoundland was like before. They are gone and today 70 per cent of the entire population living in Newfoundland, 70 per cent of them have been born and raised since we joined Confederation in 1949, and in the past eleven years, not a word or a syllable has been spoken publicly to them to remind them of the greatness of Canada. The nobility of Canada – to remind them that Canada is not only the second-largest land mass of our earth, but one of the most respected and envied lands in all the world. No one to remind them.

Well, in the early 1920s, I was a reporter living in New York City and along with the whole world, I was enthralled by the marvellous discovery and opening up of the tomb in Egypt of a young Egyptian King, Tutankhamun, and the marvels that were found in the tomb of that remarkable young king. As you know, Tutankhamun lived thirteen hundred years before Christ. But it was not until 1922 that they discovered and entered his tomb and in the tomb, among the priceless things found, was a large earthenware vase. Its mouth was sealed and when the seal was broken, the vase was seen to contain grains, corn, maize, or rye and the grains seemed to scientists to be in incredibly perfect condition after the thirty-two hundred years the vase had been sealed. They decided to find out whether that grain still really did have life in it. They planted the grain in the earth. It took root. It grew, life was in it all those thirty centuries, after more than thirty-two hundred years.

Newfoundland was like that. The English, Irish, Scots, Welsh, Channel Islanders, French, and other people who came to Newfoundland centuries ago carried in their very genes the greatness of the people of whom they were a part. The Newfoundland environment, however, the hard life, the hard times, was not ideal for the sprouting of the seed that was within. But the seed was there. It was sealed, but it was there. All that was needed to bring about rich germination was to break that seal by a transformation of the environment, in short, Confederation. Now, in Newfoundland, we all are enjoying the richest harvest time that ever was known. The stuff was in us.

Thank you.

The appreciation of the audience was expressed by Sydney Hermant, the senior Past President of The Empire Club of Canada.

NOVEMBER 4, 1983

Effective Security and Legitimate Dissent: Striking the Balance in a Democratic Society

AN ADDRESS BY The Honourable Robert Kaplan,
P.C., Q.C., M.P.
SOLICITOR GENERAL OF CANADA

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished Past Presidents, members, and honoured guests of The Empire Club of Canada: A favourite pastime for many of us is reading spy novels such as those written by Le Carré, Robert Ludlum, Frederick Forsyth, and many others. In these novels, the reader easily relates to the hero and tends to take for granted the means used to accomplish necessary ends.

Yet, in real-life situations, such as those in the 1970s, when our own RCMP Security Service was apparently routinely breaking laws, and without authorization opening mail, planting bugs, and surreptitiously entering premises, in these real-life situations, we are appalled by evidence of such indiscriminate *misuse* of authorized and *use* of unauthorized powers. It is one thing to see such powers applied against a fictional established enemy, but quite another to contemplate them being used illegally and erroneously against you or me.

The Macdonald Royal Commission investigated these situations and in 1981 made its report, which was far from complimentary of the practices followed. To address the problems noted, our guest speaker unveiled plans last May for a civilian security agency – the Canadian Security Intelligence Service – as a successor to the RCMP Security Service. One might have expected such a step to result in loud applause, but the result was more akin to that of stirring up a hornet's nest.

For instance, the provincial attorneys general, as a group, described the Bill as a "massive threat to the rights and freedoms of all Canadians." The feeling was that the Bill was an improvement on the vacuum that currently exists, but that it was seriously flawed in the degree of civil liberties that would be traded off for national security.

Since last spring, the Bill has been reviewed by a Senate Committee chaired by Michael Pitfield. Earlier this month that Committee tabled its report and recommendations as to how the Commons Bill could be improved.

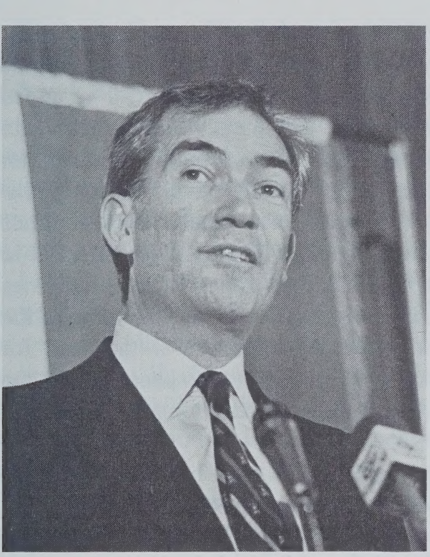
At this particular turning point in considering the proposed Canadian Security Intelligence Service, who better could we have to comment on it than the person who put forward the legislation in the first place – Solicitor General Robert Kaplan.

Mr. Kaplan was first elected to Parliament in 1968 and has represented the riding of York Centre since 1974. He has been Solicitor General of Canada since March 1980, with responsibilities that include the RCMP, the Correctional Service of Canada, and the National Parole Board. His experience prior to his election to Parliament included practising corporate and tax law in Toronto with MacDonald, Davies, and Ward and then with Aird and Berlis. From 1972 to 1974, he worked with the Hudson Institute of New York.

I am pleased to welcome the Honourable Robert Kaplan, Solicitor General of Canada, to address us now on the subject "Effective Security and Legitimate Dissent: Striking the Balance in a Democratic Society."

MR. KAPLAN:

Mr. Chairman, ladies and gentlemen: In a few weeks, I'll be bringing forward the government's proposals for the establishment of the Canadian Security Intelligence Service, modified in the light of the substantial public debate that has taken place, and of the representations made to me and



The Honourable
Robert Kaplan,
Solicitor General
of Canada

to the Senate Committee which studied the Bill, and of that Committee's report. My recommendations are currently before Cabinet.

The public debate begun last May has been valuable to Canadians. Two Royal Commissions have recommended that the existing Security Service of the RCMP be reorganized and set within an entirely new framework of safeguards and controls. We have also been determined, as a government, that this be done by legislation, with full parliamentary involvement. This contrasts with Canada's past approach and with the approach of every other country, where important parts of the powers and duties of the national security forces are covered by shadows and not disclosed to anyone outside the intelligence community.

Involving Parliament, and through Parliament, the public, has meant exposing more than has ever been exposed before of the existing threats to our national security, which are largely from the hostile activities here of foreign governments, their agents and proxies, and from international terrorist organizations. I believe that the threats are increasing, both in volume and sophistication. In statements and speeches, I've given examples of the threats as I see them. Such threats are unfortunate facts of modern life, from which Canada is not immune. The government must have effective security intelligence if it is to fulfill its responsibilities – these responsibilities are not only to recognize and deal with serious threats, but to stay out of, and protect from security surveillance, activities which are not threats. Also exposed has been something of the way in which a Security Service operates, of the need for secrecy, and the intrustive powers required to keep up with the clandestine and covert way in which threats to national security operate.

What has also been exposed is the great need for better and more formal controls over security operations, including external review and the need for strong safeguards of the privacy and freedom of individual Canadians who are not threats to national security.

The sole justification for a security intelligence agency is the preservation of a free society, where individual rights are secure. If we were to allow an overzealous agency to interfere with the right to privacy or to civil dissent, we would undermine the very values we seek to preserve.

I believe that national security deserves to be the concern of every Canadian, and that the government should seek to proceed with reform on the basis of public understanding and acceptance. How we deal with national security bears directly on the nature of our society and on our basic rights as Canadians.

What I am suggesting is that the issue at stake in Bill C-157 is an extraordinary one that goes to the very heart of our democratic society. And it warrants an extraordinary effort to bring the full resources of the democratic process itself to bear upon its consideration. That is why the Government of Canada has taken every step possible to encourage and promote an exhaustive examination of the issue.

We began this public debate by trying to make it very clear that the Security Intelligence legislation, Bill C-157, was not to be taken as a definitive pronouncement carved in stone. As I said when the Bill was tabled in Parliament, it is vitally important that the proposals be subjected to a full and open discussion – not only within Parliament but also in the media and by the public in general. No final resolution can be arrived at until a consensus is achieved.

I would like to pay tribute to the late Walter Baker, M.P., for an early and important contribution to this debate at a moment of very considerable controversy over national security, and at a time when it appeared that the required second reading debate of the Bill would be very protracted and partisan. He suggested that the Bill be referred before second reading to a parliamentary committee for the summer so that they could focus on the real issues of national security and hopefully deal with the debate on a non-partisan basis. Walter was cognizant of the need to act in this field, and anxious to see an illuminating discussion that would be worthy of Parliament. While he had hoped for a committee of the House, we ended up with a committee of the Senate, chaired by Senator Michael Pitfield.

The Senate Committee provided an effective forum for public discussion, embracing a broad range of perspectives. The Committee encouraged the participation of any group or individual that expressed an interest, and they received a substantial response from several provincial attorneys general, the legal community, the police, civil rights organizations, political groups, and interested citizens from across Canada. The result has been a useful and constructive debate. So far as the Senate Committee was concerned, a consensus emerged on how to deal with national security – with only one senator dissenting, and that on only one of the dozens of recommendations. Senators, Liberal and Conservative, and coming from all regions of the country, were unanimous in their advice. To repeat my remarks from last May, a full and open discussion is the best assurance we can have that a new Security Service will operate in a manner appropriate to a democratic society. The

Senate provided the first public forum in Canada's history for such a debate, and I am grateful to them for that.

The senators' goal, like that of the government, is to establish, through comprehensive legislation, an open and accountable intelligence system that fully reflects and is fully responsive to public concerns. This is a truly radical departure. It has no parallel in any system of government that I know of. The senators also endorsed the government's commitment to proceed now, recognizing that the present structure of national security is unsatisfactory.

Of course we do have a Security Service in Canada. It is a good one, staffed by hundreds of men and women who do a remarkably good job under very difficult circumstances. It has the respect of the security agencies of other countries; and while its effectiveness is sometimes questioned by the uninformed, its effectiveness was not challenged by the two Royal Commissions which studied it in great depth. But this service does not operate under a mandate authorized by Parliament; in other words, its job has not been clearly defined by your elected representatives through the democratic process. The powers that the service needs and the investigative methods it uses to do the job are in large part not clearly defined in law. There is no clear statutory code of procedure to control the use of the product of the most intrusive of those powers. And there is no provision at all for an independent review or examination of security intelligence operations. Our *de facto* approach to problems which have arisen so far has been a periodic, expensive, and lengthy royal commission.

Whatever may have been the approach in earlier times, the Government of Canada believes that this approach is no longer acceptable today. Security requirements are becoming increasingly complex, and so is the potential impact on individual rights and liberties. The time has surely come when these competing interests of national security and individual liberty must be balanced through our democratic process.

We are talking about a legislated mandate to reflect an acceptable definition of threats to national security, and a clear code to govern how the service should go about investigating such threats. But we are also talking about a legislated system of judicial control over the use of intrusive investigative powers; and a legislated system for monitoring and reviewing intelligence operations and procedures, with a statutory Review Committee reporting to Parliament. In fact, we are talking about a comprehensive system that defines the entire framework for security intelligence, where all aspects of management and control are open to independent scrutiny.

In a recent interview, Senator Pitfield suggested that no country in the world has ever tried to create such a comprehensive system. So we are really trying to break new ground here in Canada. This kind of pioneering enterprise is never an easy one; it would clearly be meaningless without full public participation at every stage. The kind of debate that we initiated last May, though controversial, is an essential part of a process designed to respond to public concerns.

I am aware of the suspicion which exists about our intentions in this Bill. I respect the concern, which the Senate Committee noted, that the service could find itself holding more power and more protection from prosecutions on wrongdoing than the government intended it to have, and having the right to investigate more activities than it should in a democratic society. I appreciate the worry that the minister could be kept in the dark, even under the new rules, contrary to what the government planned, and not have enough power as a minister to keep the service on the straight and narrow, and be accountable to Parliament for its shortcomings. I did not agree that all these concerns were justified by the language of the Bill.

The government's job and, in particular, my job is to find a constructive response to the scepticism and the concerns that people have expressed. It is not my job to tell you what your concerns should be, but rather to accommodate legitimate and reasoned concerns in our legislative proposals. There are many sides to any debate, and if we hope for a consensus to be reached, there must be a commitment on all sides to do some listening. And I would like to say that I have been listening.

I have suggested that we are, in fact, approaching some sort of consensus. I think that we are at least arriving at a general agreement concerning the goals to be achieved by legislation in this area; Canadians acknowledge the need for effective security intelligence, and the need to provide a more accountable framework to safeguard the rights of individual citizens. This in itself is a considerable accomplishment, given the flurry of suspicions and accusations that burst forth last May.

But I think there is also agreement emerging on the broad outlines of they system for reaching those goals. Based on the Report of the Senate Committee and the reception it received, I would suggest that there is agreement, in very general terms, on at least six basic issues. They are: the separation of the Security Service from the RCMP; the reorganization of the service as a civilian agency; the essential condition of a legislated mandate; the need for judicial control of the service; the need for an external review of the service as a whole; and the need to continue and conclude this process expeditiously.

Concerning the first two points, I think that there is a fairly complete agreement. Two royal commissions, and now the Senate Committee, have stressed that security intelligence work is fundamentally different from law enforcement work. It requires specialized training, it involves different perspectives and procedures, and its objectives, which are to inform government, are fundamentally different. Both the law enforcement side and the security intelligence side will benefit immeasurably if we recognize this difference by separating them and treating them according to their specific needs and objectives.

Indeed, it has been emphasized that the present system is simply unfair to the RCMP. As a police force, the RCMP has earned one of the highest reputations in the world. But members of the Security Service are asked to operate under a mandate that has no public endorsement within a framework that works well for law enforcement but that is not designed for security intelligence operations. Given that they have no framework designed to help them do the job properly, under controls that lend legitimacy to their tasks and the way they carry them out, it is commendable that they have been able to maintain the high quality of their security work. They have done so through sheer dedication, and I think they deserve a better break in public opinion. A separate civilian organization will give them that break; it will enhance their continued efforts to maintain an effective security intelligence system; and it will allow the RCMP to get on with its traditional role in law enforcement, a role which, in fact, the government has proposed be enhanced in the area of national security crimes.

A legislated mandate, judicial control of powers, and effective external review are more nebulous. There is, I think, a general consensus that these issues must be addressed in legislation. But the details are still causing some furrowed brows. Debate continues on the precise definition of the mandate, the necessary conditions for effective judicial control, and the preferred system for external review.

The proposals offered in Bill C-157 on these and many other points have been the subject of sustained criticism. The Senate Committee recognizes in its Report that the basic structure of the Bill is sound but offers some concrete suggestions for dealing with its issues, and I, together with my colleagues, have been giving these suggestions very careful consideration.

I am optimistic that we have moved a long way toward consensus. I am confident that we have a workable framework; the Senate Committee recommendations are very useful. There can surely no longer be a question whether such legislation is necessary, and necessary in the near term. In fact, the Senate Committee urged that legislation "should be enacted in the near future." This is one of the many senators' recommendations which I support.

The appreciation of the audience was expressed by Terrence Tyers, a Director of The Empire Club of Canada.

DECEMBER 1, 1983

Recent Developments in Japan–Canada Relations

AN ADDRESS BY His Excellency the Honourable
Kiyohisa Mikanagi,
AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF JAPAN TO CANADA

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished head table guests, members and friends of The Empire Club of Canada: It is evidence of the importance of Japan to Canada that we are to be addressed for the fourth time – first in 1955, then in 1971, again in 1979, and today – by an Ambassador of Japan to Canada. Britain and the United States are the only countries whose official representatives have addressed our members on more occasions.

When, in 1955, the Japanese Ambassador to Canada addressed us, the combined level of trade with Japan was some $120 million. It is now in the region of $9 billion and Japan is, by a considerable margin, our second-most important trading partner after the United States. Every aspect of our lives is affected by the people of Japan. We need only look around us to see ready evidence in our day-to-day lives. However, Canadians have a major impact upon the Japanese as well, since our exports of raw materials in particular are vital to the survival of a resource-poor country such as Japan.

In spite of this high degree of interdependency, we really do not know each other very well. It is with good reason that soon after his arrival in Canada almost two years ago, His Excellency set a goal for himself of promoting mutual understanding between our two nations. We have evidence today of his carrying through with his goal.

His Excellency was born in 1921 and after graduating from the Faculty of Law, Tokyo University in 1943, he entered the Ministry of Foreign Affairs. Since that time, he has served in a variety of increasingly senior posts in Japan and abroad. His postings in Japan included a number of senior positions in the Economic Co-operation Bureau of the Ministry of Foreign Affairs, while his foreign postings include Australia, England, Indonesia, and Ambassador to the Philippines. This prior experience qualified him well for appointment as Ambassador of Japan to Canada in December, 1981.

I am pleased to welcome His Excellency the Honourable Kiyohisa Mikanagi, Ambassador Extraordinary and Plenipotentiary of Japan to Canada, to address us now on "Recent Developments in Japan–Canada Relations."

HIS EXCELLENCY MR. MIKANAGI:

Mr. President, members of The Empire Club, ladies and gentlemen: I am very honoured and pleased to be given such an excellent chance to speak to this highly esteemed Empire Club. I was indeed very flattered in the early part of this year when I was told by my friend, Mr. Yuzo Hatano, Consul General of Japan in Toronto, that I was going to be given this opportunity. Since then, thoughts about speaking here today have lingered in my mind as I have considered what topic I should present to you. I finally decided to talk on my usual and ever-important theme, "Recent Developments in Japan–Canada Relations," because, as the Japanese Ambassador here, this is my primary, daily concern, and, therefore, perhaps the best topic I could present to you today.

When we talk about recent relations between our two countries, I am very happy to report that we do not have any thorny problems in our relations on the political side. Canada and Japan have a history of relations dating back more than one hundred years. It was in 1977 that we celebrated the one-hundredth anniversary of the landing of Manzo Nagano, the first Japanese immigrant, at New Westminster, British Columbia. Since the Second World War, Canada has played an important part as Japan was reactivating its international relations. The Japanese still remember the excellent books and actual services of the late Dr. Herbert E. Norman, who served in Tokyo from July 1946 as the first Canadian representative accredited to the Supreme Command of the Allied Forces occupying Japan. After the San Francisco Peace Treaty came into effect in 1957, Canada played a major role in reintroducing Japan to the community of nations, helping Canada join the Columbo Plan, the United Nations and its various specialized agencies, the GATT and the OECD. Japan has not forgotten these efforts and is committed to strengthening its close and warm friendship with Canada. Between the two countries, a number of channels for close dialogue and communication are maintained from the ministerial level through to the official level, from governmental to private, which cover sectors as varied as atomic energy and fisheries. We both send representatives to many international organizations and conferences where, on most occasions, we share common views and collaborate closely with each other. We work together in the international arena toward such long-term goals as peace and security, disarmament, free trade, and development aid.

Recently, Prime Minister Pierre Trudeau made an important personal effort to consult world leaders on the key issue of peace and disarmament, particularly nuclear disarmament, by first travelling in the early part of November on a whirlwind trip to the western European capitals during the one-week recess of the Canadian Parliament. Then, on the way to his visit to Dhaka, and New Delhi, where he attended the Commonwealth Conference, he stopped at Tokyo and consulted Prime Minister Yasuhiro Nakasone of Japan on this issue on the nineteenth of November. It was an excellent gesture on his part to talk directly and personally with the Japanese prime minister, although, for me personally, it was arranged so suddenly that I could not go along with him to Tokyo as I had done last January. For Japan, the nuclear arms problem is always a vital question of national concern and we have been keenly interested in the development of East-West talks on the issue. It was, therefore, only natural that Mr. Trudeau received full support for his current peace initiative from Mr. Nakasone.

During the talks in Tokyo, Mr. Nakasone stressed the importance of promoting the preparations of a new round of multilateral trade negotiations in order to consolidate the free-trading system and inject renewed confidence in the world economy and I understand that Prime Minister Trudeau showed a positive reaction to this.

The present cordial relations between Japan and Canada allow us to expand our relations beyond the political and economic exchanges to further our mutual cultural and academic exchanges. The Exhibition of Contemporary Japanese Ceramics, which opened on the eleventh of January this year at the Koffler Gallery in Toronto, is now making its final appearance in Canada at the Kamloops Art Gallery in Kamloops, British Columbia, after visiting six Canadian cities successfully. The exhibition, which has been seen by many Canadian art-lovers in various cities, was an excellent chance to show Canadians how contemporary Japanese artists are approaching art with modern ideas while keeping their traditional techniques, which have been refined and perfected over generations. This is one excellent example of cultural exchange, but, I believe, there are still many things to be done in order to expand our people-to-people friendly relationship and to broaden our mutual understanding.

For this purpose, there exists between Canada and Japan an agreement for mutual co-operation to promote cultural and academic exchanges, which was signed in October 1976 when Prime Minister Trudeau visited Japan. The Agreement stipulates many ways of promoting cultural exchange between our two nations, and, in Article 12, it provides that both governments will meet from time to time for an examination of past performance and for consultation about future promotion of these exchanges. Just recently, on the twenty-ninth of November, there was the third meeting of this kind in Tokyo and high-ranking government officials from both sides, responsible for this important aspect of our relationship, met and had a very fruitful discussion.

Japan is situated on the western side of the Pacific Ocean, just opposite Canada. The Japanese have always thought of themselves as a Pacific nation and they feel amity with other nations on the Pacific Rim. They believe that an era will come when the international theatre will pivot around the Pacific Ocean, just as the centre of the world's civilization has been moving from the Mediterranean to the Atlantic in the past. I am not telling you this in a short-sighted manner. This will eventually come, say, in the next century, and at this time, I feel that we need to start preparing for that time when we come face to face with such an era. We should discuss this question from as many viewpoints and perspectives as possible while we are actually expanding our fields of co-operation as friends and partners in the Pacific. It was the late Prime Minister Masayoshi Ohira who directed the closer study of the problems related to the co-operation among the countries in the Pacific. Through his initiative, even after his unfortunate and sudden passing, a series of seminars are being held at various places and many people from the countries in the Pacific are actively participating in these to make an extensive study of this question. From the twenty-first to the twenty-third of November, there was such a seminar on Bali in Indonesia, and business, academic, and government representatives from both Canada and Japan participated, together with other participants, and engaged in active discussion.

The meeting resulted in a decision to hold another conference at Seoul in the Republic of Korea in April, 1985 and to establish five different task forces to study further the problems of co-operation. Dr. Saburo Okita, who represented Japan at the Bali seminar, stated that co-operation among the countries in the Pacific is steadily proceeding on the line commenced at the first meeting in Canberra, Australia, in 1980.

Canada, like Japan, has taken an active part in this study since its beginning and earlier this year established the Canada–Pacific Co-operation Committee. Mr. Eric Trigg, Senior Vice-

President of Alcan Limited, is the Chairman of this committee and I am always happy to hear from him about the latest developments of Canadian activities in this regard. There is another important initiative which Canada is now taking in regard to its relation with the Pacific, that is, the efforts to create Canada's Asia Pacific Foundation.

About two years ago, the Honourable Mark MacGuigan, then Secretary of State for External Affairs, directed that a study be undertaken on the possibility of establishing an Asia Pacific Foundation of Canada. Mr. John Bruk, Chairman of that Study Committee, and now Chairman of the newly organized Founding Committee of the Foundation, is currently working very hard, together with other members of the Committee, on the final report on the detailed proposals of the Foundation, which is expected to be filed by July of next year. I have been following with keen interest the developments relating to this Foundation and was very glad to learn that Mr. Bruk joined the other members from Canada to attend the Bali seminar, which I mentioned earlier. Japan welcomes wholeheartedly Canada's efforts to broaden her involvement in the Pacific. I sincerely hope that Canada will succeed as soon as possible in establishing this Foundation, which would provide a good many Canadians with the chance to learn more about the Pacific. Japan has its own Japan Foundation and I hope eventually that these two Foundations will co-operate closely with each other in their activities.

Some of you may recall that there was a meeting between the foreign ministers of Japan and Canada in Ottawa in October 1982. It has been the idea of both governments to hold meetings between our two foreign ministers as regularly as possible, alternately in each country for close consultation. We hoped that we could have a meeting scheduled for this year before the end of the year, but it has had to be postponed until at least some time in the early part of next year, because of the heavy schedule of the Honourable Allan MacEachen, Deputy Prime Minister and Secretary of State for External Affairs of Canada, due to his visits overseas and duties in the absence of

His Excellency
The Honourable
Kiyohisa Mikanagi,
Japanese Ambassador
to Canada

Prime Minister Trudeau, who was in Europe and other parts of the world last month. After the expected return of Prime Minister Trudeau from the Commonwealth Conference in New Delhi and the pursuant visits to the countries of the Persian Gulf, the Honourable Allan MacEachen is planning to go to Europe again on December fifth. At the last meeting of the two foreign ministers, they discussed, among other things, our mutual concern for development aid to the less-developed countries and agreed that the two countries will start as soon as possible a regular official-level dialogue on this issue. There was a follow-up in June this year, when both governments had representatives at another occasion that provided the opportunity for an exchange of views. This was the Paris Meeting of the Consultative Groups for India and Sri Lanka. From Japan, Mr. Yanagi, Director General of the Economic Co-operation Bureau of the Ministry of Foreign Affairs and from Canada, Mr. Wright, Vice-President of the Canadian International Development Agency in charge of the Asian Branch, were in attendance, and on that occasion, they met at the Japanese Embassy in Paris to start the first session of the dialogue.

Now, I wish to come to the most important topic of today's talk – the question of trade and investment between Japan and Canada. Our economies and industries are for the most part complementary and our economic relations have greatly expanded in recent years and are continuing to grow. Since 1969, the first year when Japan–Canada trade totalled more than one billion dollars, our trade volume has expanded with truly remarkable speed. By 1977, the total of our trade volume had leaped to $4.3 billion and just five years later, in 1982, it reached $8.13 billion. Canada's exports to Japan last year were $4.6 billion (Cdn.) and imports from Japan to Canada were $3.5 billion, giving Canada a trade surplus of $1 billion. The structural trend of the Canadian surplus in our bilateral trade is expected not only to continue but also to increase. I might add here that among the industrialized countries in the world only three countries are steadily maintaining a trade surplus with Japan, and they are Australia, Canada, South Africa, and sometimes Switzerland and Italy.

Japan is aware that Canada is not entirely satisfied with the present status of its trade with Japan in spite of this large surplus and that Canada is also very much interested in "upgrading" the composition of her exports to Japan. Here, I would like to point out that, thanks to strenuous efforts on both sides, the total volume of manufactured goods exported from Canada to Japan is showing steady growth, although, I must admit, it is still at a comparatively low level. In 1980, the amount was $106 million; in 1981, $112 million, a 5.7 per cent increase; and in 1982, $167 million, a 49.1 per cent increase; and, to take the first half of this year (January – June), $128 million, a 97.5 per cent increase over the same period of the previous year. There is no reason that this increase should not continue. There seems to be great potential in the Japanese market for Canadian manufactured goods.

Mr. Seiki Tozaki, Chairman of C. Itoh and Company of Japan, who spoke in Toronto at the seventh Canada–Japan

Dialogue, sponsored by *The Globe and Mail* on the twenty-seventh of October, mentioned that such Canadian high-technology products as various types of telecommunication equipment, including the Telidon interactive TV system and automatic PBX system, aircraft and aircraft components, including the VTOL and STOL crafts and corporate jets, and aerospace equipment including the Space Arm and Sarsat satellite rescue systems, are showing particular promise for introduction and growth in the Japanese market. According to him, Telidon imports to the Japanese market started last spring and are expanding smoothly, and Northern Telecom and Mitel are now marketing their products in Japan. "Although the volume of these exports is still relatively small," he said, "all indications are that Canadian high-technology products are well on their way to making a considerable appearance in the Japanese market within the next few years."

Japan, of course, is a huge market with 118 million consumers. Despite persistent myths to the contrary, it is one of the most open markets in the world. Furthermore, a number of deliberate efforts on the part of the Japanese government have been made to make it even more open. Since Prime Minister Nakasone came to power in November last year, the Japanese government has undertaken wide-ranging and, in some cases, unprecedented measures to make it easier for foreign products to come into Japan. These measures include methods to make standards and certification procedures more transparent, paving the way for the acceptance of foreign test data, and a number of direct tariff reductions. The comprehensive economic measures announced by the Japanese government on the twenty-first of October are expected to go further in satisfying demands of easier access to the market. Japan also has a number of organizations to help promote the marketing of Canadian manufactured goods in Japan, including JETRO. The Japan External Trade Organization has offices in Toronto, Edmonton, Vancouver, and Montreal and is vigorously helping Canadians who are interested in exporting to Japan. Japanese trading firms, which have world-wide networks of branches and offices and hence an abundant knowledge of the markets both inside and outside of Japan, are also helpful in exporting Canadian goods abroad.

Today, I am not going into depth on the problems related to automobiles. I would just like to comment on the report of the task force of May of this year. I do not want to state in detail anything which might prejudice the Canadian government's decision in this regard. However, I can mention here that such a request as local content control would not only serve as a negative factor in Canada–Japan relations, but also would not serve the true interests of Canada itself. Mr. d'Aquino, President of the Business Council on National Issues, stated in his speech on November second that "protectionism has a siren-like appeal, but at best it offers false and temporary security against hard economic realities." I trust that the Canadians who derive one in every three dollars of their GNP from trade will have undaunted courage to row their boat without indulging themselves by heeding the sweet siren-voice that beckons.

The report of the task force also includes the problem of investment in Canada. While investment is purely a problem for the private entrepreneurs who seek economic benefit from it, I must point out that the present status of both Japanese investment in Canada and Canadian investment in Japan is not quite sufficient. Cumulative Japanese direct investment as of March 1983 totalled $1,260 million (US). This represents only 2.4 per cent of all Japanese direct investment overseas. On the other hand, from Canada, as of March 1982, only $79 million (US) was invested in Japan.

Both governments are already aware of this problem. Perhaps you will recall that in March/April, 1982, the Japanese government sent a large investment mission to Canada which made an extensive survey of the Canadian investment climate and evaluated the possibility of increasing Japanese investment in Canada. They visited a number of places in Canada, including Toronto. The conclusion of this mission was that in the medium- and long-term perspectives, Canada is a "promising" venue for Japanese investment. From Canada, in the middle of October, a mission headed by the Honourable Gerald Regan, Minister of State for International Trade, was sent to Japan to encourage more Japanese investment in Canada.

Mr. Tozaki stated in his speech at the Toronto Dialogue that between Canada and Japan, direct investment represents an area where significant expansion can be expected. He stated that, although concrete moves continue to be delayed by the lingering aftermath of the recent global recession, he has every confidence that the increasing pace of economic recovery will lead to specific steps toward increasing Japanese investment in Canada. I share his view and hope that Japanese and Canadian entrepreneurs will continue to endeavour even harder so that the investment in each other's country will enjoy greater scope.

By the twentieth of this month, I will have spent two full years in Canada. It has been a busy, interesting, challenging, and rewarding period for me, personally and professionally. I must say there is still much to be done to improve the knowledge and understanding of Japan in Canada. I would like to reiterate that I greatly appreciate being invited here today to speak to this prestigious audience, and I am looking forward to many more opportunities to speak to Canadians in as many parts of this big country as I can possibly reach. I do not only want to speak to you, but also to try very hard to introduce Japan to you from every possible angle. Understanding between our two peoples will become more and more important as Canada and Japan grow and change. It will be on this solid foundation of understanding that the future growth of our co-operation will depend. We can be friends across the Pacific, joining in advocacy of peace, rationality, and mutually beneficial trade.

Thank you.

The appreciation of the audience was expressed by Bruce Rankin, a Director of The Empire Club of Canada.

DECEMBER 8, 1983

The Banff Experience in Fine Arts Education

AN ADDRESS BY Paul D. Fleck, PH.D.
PRESIDENT, THE BANFF CENTRE

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Ladies and gentlemen: When one talks of the arts and their relationship to society, it is all too easy to be caught up in such clichés as the arts "mirroring society" and their being the "cornerstone of what our culture is about." Though clichés, they are true, and as Canadians we tend to struggle further with the questions, "What *is* our culture?" and "*How* is it different from others?" – particularly from that of our neighbour to the south. Northrop Frye, who will address us next month, has contended that the most pertinent question facing Canadians is not "Who are we?" but "Where is here?" Not a question of identity, but of perspective. The challenge is to see clearly Canada's past, present, and future.

Last October, we had one viewpoint in "What Is Wrong with Loving Canada?" from Roloff Beny, himself a graduate of The Banff Centre. Our guest of honour today is also well-qualified to address us on this theme. He is President of the internationally renowned Banff Centre, which attracts artists from around the world and is this year celebrating its fiftieth anniversary.

Paul Fleck was born in Montreal in 1934 and attended the University of Western Ontario, where he obtained his masters degree in 1958, and the University of Edinburgh, where he obtained a diploma in English Studies the following year. In 1961, he completed his doctorate at Queen's University of Belfast and his thesis was entitled "Patterns of Imagery in the

Poetry of Shelley." He returned to the University of Western Ontario that year to join the English faculty, where he remained in increasingly senior positions, including Chairman of the Department of English, until 1975. During that period he delivered numerous papers, and wrote reviews and articles, largely on topics related to Shelley and Byron.

You might well wonder how this relates to The Banff Centre and arts in Canada! However, Dr. Fleck's singular lack of background or professional skill as an artist was influential in making him attractive as the person to run the Ontario College of Art in 1975. The College was, at that time, going through one of its periods of turmoil and the person needed was someone who was not associated with any of the factions and who could bring upon a group of very independent and anti-institutional people some semblance of order, consensus, and direction. Paul Fleck had those important qualifications and became president that year. His success as president was demonstrated in his reappointment for a second term, five years later. However, the lure of new challenges became too great for him and Dr. Fleck accepted the position of president of The Banff Centre a year ago.

While Dr. Fleck's lack of professional qualifications as an artist was of some importance in 1975, he certainly has long-standing interest in the arts. He has theatrical experience in amateur and semi-professional productions ranging from Trinculo in *The Tempest* to Clov in *Endgame* to Alfie Doolittle in *My Fair Lady*. He has also been Vice-President of The Arts and Letters Club of Toronto. Another area of creation is his gourmet cooking. Dr. Fleck has studied at the Cordon Bleu School in London, England, as well as at George Brown and Fanshawe colleges.

I am pleased to welcome Dr. Paul Fleck to address us today on the topic, "The Banff Experience in Fine Arts Education."

DR. FLECK:

Mr. Chairman, ladies and gentlemen: I have twice had the good fortune to arrive at an institution just as a gala celebration was getting under way. I became President of the Ontario College of Art in 1975 as plans were being shaped for its centennial and in particular for an exhibition at the Art Gallery of Ontario of one hundred years of art and design from OCA grads and faculty and for a birthday party of the beaux arts proportions one would expect from that venerable and lively institution. In 1982, I arrived at The Banff Centre as the finishing touches were being put on plans for the fiftieth anniversary of the School of Fine Arts. Something like an anniversary should be mandatory for any new president, for it is an instructive and pleasurable way of giving him a keen sense of the beginnings and the evolution of the institution, a sense which is crucial to an understanding of its future.

What an anniversary Banff's has been! It began with the publication by McClelland and Stewart of a colourful and comprehensive history of those fifty years by my predecessor, David Leighton, and his wife, Peggy, and Banff's latest event was the premiere showing at Canada House in London of a new film about The Banff Centre made by the National Film Board. The Leightons' book is called *Artists, Builders, and Dreamers: Fifty Years at The Banff School*; and it warmly tells the story of the school's history by recounting the roles played by so many people over the half century which has stretched from the first three-week summer drama class for approximately two hundred participants in a somewhat ramshackle hall at the end of Banff Avenue in August of 1933 to the establishment of the winter cycle of courses in the late seventies. Such beginnings have led to a year-round program in fifty million dollars' worth of buildings on a forty-five-acre campus, involving a thousand fine arts students in more than thirty fine arts disciplines. A considerable journey! The film, entitled *From Bears to Bartok*, tells a little of that story, much of it derived from the Leightons' research, but its main theme is the story of some of the participants in the programs of the summer of 1982 and of some of the international faculty on campus at that time. It focuses on what they are doing at the Banff School, and why they have come.

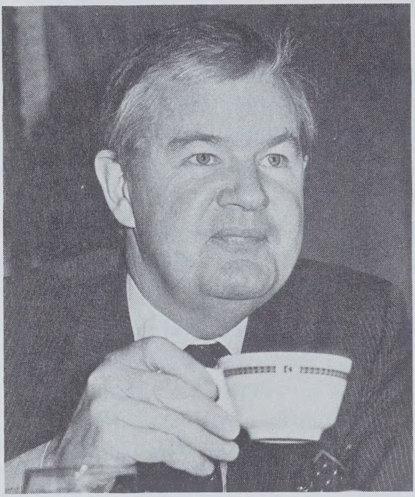
In between the publication of the book and the release of the film, a whole series of celebratory events took place, including an international string quartet competition which has been broadcast twice across Canada and is being broadcast in the United States and Europe; a new ballet choreographed by Brian MacDonald, head of Banff's dance program; a new symphonic work by a promising young Alberta composer, Robert Rosen; a gala homecoming; a number of exhibitions in the Walter Philips Gallery, including Video-Link, a show of video art which is travelling to Los Angeles and London, England; a series of major conferences organized by the School of Management, exploring issues related to the most effective use of our natural resources; and a host of special performances in Banff's summer-long Festival of the Arts. It has been a rich year, and it has given me an insight into The Banff Centre's role as one of Canada's major cultural and educational institutions. I'd like to share this aspect with you today by telling you something of Banff's story, something of what it is doing right now, and something of its aspirations for the future.

It is a remarkable story – one of vision and shrewd entrepreneurial know-how, one of determination and faith. And though the story is of a school nestled in a mountain village nearly three thousand kilometres from here, it is a story which has touched and continues to touch the cultural life of every province in this country and of many countries abroad.

Its beginning, though humble and though responding to a provincial need, was none the less national and international in scope, even in those dust-bowl, depression-ridden days of 1933, for among the nearly two hundred who enrolled in the first dance class were students from eastern Canada, from the United States, and from Australia. Most, however, were from Alberta. One of the effects of the Depression, according to Ned Corbett, who was Director of Extension at the University of Alberta and responsible for starting the school, was the closing of "small-town moving picture houses" so that "people outside the larger cities were more and more thrown back on their own resources." Consequently, there grew up "hundreds of small dramatic or little theatre groups. A great many of these, particularly in villages and in rural communities, knew very little about choosing a play or how to stage it. Plays were often performed from such inane and worthless scripts as *Deacon Stubbs of Perkins Corner* or similar drivel. It had been obvious that to give adequate direction to this movement a qualified director was needed."

What Corbett did was to provide just such a director in Elizabeth Sterling Haynes, and it was she who gave that first drama class. Incidentally, when there was some doubt in the minds of Banff's local lights as to whether the course should be offered there, Corbett said that they had been thinking of going to Jasper, and that cinched the deal. Similar forms of human psychology have shaped the events of Banff's history ever since. More importantly, however, virtually every course offered since has been generated by the same assessment of real need. Banff's mission has changed in many ways over the years but never in its insistence upon identifying needs which are not being otherwise fulfilled. The drama classes continued successfully for several years. In 1935, classes in the visual arts, which had been conducted in nearby Seebe, moved to Banff, and in 1936, classes in drama, music, and art were offered in a Banff School of Fine Arts. It was at this time that the school began its remarkable development under Donald Cameron.

Cameron's two mottoes were "dream no small dreams" and "go for the best," and these propelled a pioneer spirit and a determination which were unshakable. When Cameron made up his mind to leave the old buildings in Banff and build a campus, he had a job persuading Parks Canada authorities, who pointed out that the land he was eyeing was the best in the area. "That's why I want it," was Cameron's simple reply. Under him, the school grew in physical size and in reputation. Cameron persuaded the best artists in all fields to come to



Paul D. Fleck,
President,
The Banff Centre

Banff for the summer. Once he had built what he called the "campus in the clouds," he added a School of Management and a Conference Division so that the campus could be used year-round, and though he did so in order to earn revenue for the school (a practice which every university in the country now emulates to one degree or another), he did so, too, because he once again identified needs that no one else was fulfilling. Also he shrewdly saw that connections between business and the arts were important. By the time he retired from the Centre in 1969, the Schools of Fine Arts and of Management had grown substantially, and the Conference Division had housed tens of thousands of people from all over the country, people who not only benefited from the ideal and non-urban setting for their own educational conference, but who had also been able to see something of Banff's fine arts activity while they were there.

The David Leighton years, which began in 1970, saw the firm establishment of the school as an advanced conservatory of the arts. What that means is that those who come have already had their basic training, have made a commitment to an artistic career, and have the motivation and the stamina to benefit fully from the intensity of the Banff experience. Under David's leadership, a real sense of experiment flowered in the soil Senator Cameron had prepared. He, too, identified need. It was clear, for example, when he arrived, that the visual arts program was flagging, and so he invited the leading artists of Canada to Banff and asked their advice. Throughout the last twelve years, a series of advisory groups of leading practitioners in the arts and business have been a major means of determining what needs Banff could fulfill. (I'm delighted to see Lotfi Mansouri and Nikki Goldschmidt, two of our best advisers, here today.) Those needs have been wide-ranging and have included both the content of program and the method of instruction.

Instruction is a complex process and assumes many forms. You may know the story of a man who wanted to learn all about jade and was advised by a friend to take lessons from a world expert in identifying real jade. The cost of each lesson was to be fifty dollars, and the man took ten of them, but at the end of it all, he was furious. "I haven't been given any instruction," he said to his friend. "At each lesson, I came into the room, and the expert, without saying a word, placed a piece of jade in my hand and left me. He came back in an hour, again said not a word, and took the jade away. He did this for ten lessons: it cost me five hundred dollars, and all he did was put this piece of jade in my hand – and the last piece was a fake."

We don't give many jade lessons, but we're not committed to only one way of doing things. We're committed to what works and to trying out new things to see if they'll work. Today, there are more than two dozen programs all fulfilling a need, all exploring the best way of coming to grips with the discipline or subject matter at hand. The processes followed in creative writing by W.O. Mitchell and in the master cello class by Janos Starker are different. The process is an arts journalism class under Martin Knelman or Harold Schonberg or in the publishing workshop under Michael de Pencier or Robert Fulford is quite different from that in visual arts under Dennis Oppenheim or John Massey. There are two points here: one is that the people who come to teach are the best – they are, all of them, doing what they teach, and doing it successfully. The second point is that they are left to work out how best they can teach the students in their programs. Indeed, in a sense, student is a misnomer, for these young professionals are participants in a shared process of learning and developing, a mutual exploration of the art at hand. The faculty come from their own busy careers because they feel a commitment to young artists following in their footsteps, and they know that because of the rigorous audition process and the competition to get in they're going to get to work with the best young talent. The participants know that the Banff experience is an intensive working experience, that they will be learning from accomplished artists and practitioners, and that they are making important career contacts both among the faculty and their peers.

If all this sounds as though I am blowing Banff's horn, I certainly am. We Canadians do, alas, have a grey tendency to respond to the question of "How are you?" with "Not too bad," when other nationalities respond with a "terrific." Not too bad. You can't be too careful – the gods have a dark habit of dumping profusely upon those who go further than "not too bad." Well, let me tempt them by saying that Banff is a national resource of which we can be justly proud. Brian MacDonald, who is the head of dance at Banff, as well as an Associate Director at Stratford and a winner three weeks ago of the Molson prize, was recently cited in *Performing Arts Magazine* as saying that participants need only one summer in the Banff hothouse to know if being a professional artist is their ultimate goal in life. One of the young musicians whose story is told in the NFB film I mentioned earlier put it more simply, "Boy, if you want to work, this is the place."

My friends in other places repeatedly nudge me, of course – there must be something wrong, the mountain air has giddified your brain and addlepated your analytic powers. Banff must have difficulties. Indeed, this was a question constantly put to me by the stream of journalists and media people who came to Banff over this past celebratory fiftieth summer. One, in particular, introduced herself to me and said, "Before we sit down, Dr. Fleck, let me tell you one thing. I am not here to write a Little Miss Mary Sunshine piece on the bounties of Banff's beauty and brilliance. There have to be problems here – there has to be some trouble – and I mean to find it."

Well, there are problems, of course. At the moment, there are four problems in particular: one is the problem every educational institution has to face, and it is the problem of maintaining quality in an environment of shrinking resources. An advanced conservatory of the arts of Banff's quality is costly. The second is rebuilding the facility which housed a photography program for which Banff had become well-known in the visual arts. The third is sustaining the scholarships needed to support the young professionals who come to Banff. A good deal of this support comes from what we earn as a conference centre; much also comes from corporations and individuals who believe in the Centre's mandate. And I may say that it comes from all across Canada. But we are certainly going to have to increase it dramatically over the next few years. The fourth problem is not so much a problem as it is the ongoing question we continually live with and from which we derive our strength. Is what we're doing what is needed in each of the areas in which we are doing it? That ongoing evaluation comes from outside Banff as well as from inside; it comes from participants, faculty, and from the professional community we serve; it is the air we breathe, and what charges our blood.

And what of the future? Well, it will not in the short term involve the kind of expansion experienced in the last ten years. It will be a time of change as needs change. Our music and theatre design programs are undergoing radical change. The nature of our residences and residence life in general are undergoing a major review. Our newest venture is the creation of the Leighton Artists' Colony, a colony of eight separate studios designed specially by eight distinguished Canadian architects as work-spaces for composers, writers, and visual artists. These studios are for established artists who need a place to work removed from urban and domestic intrusions and distractions, an environment in which nothing is more important than the art these artists have to make. "Boy, if you want to work, this is the place" is as true for the established artist as it is for the beginning one. The colony is under construction now and will open in the new year. In the School of Management, we expect to focus more and more upon conferences addressing major national issues, like our recent Water Resources Policy Conference, the proceedings of which were published last year, and last week's Agriculture Conference. In 1985, we will host a national conference to celebrate the centennial of Parks Canada, and we will host an International Symposium on the Arts, attended by artists from all of the hemispheres to explore the ways in which artists can work toward more effective communication between peoples and cultures.

But these are some of the particulars. In general, our mandate will continue to be national, to serve national needs through programs in opera, theatre, dance, the visual arts, and writing, with artists of accomplishment and stature. I have pledged myself to make Canadians more aware of this great national resource, and I am grateful for this opportunity to do so in Toronto. I speak in Toronto of Banff because a large proportion of our participants come from Ontario: of the total number for summer and winter last year, 20 per cent came from Alberta, 20 per cent from abroad, 20 per cent from Ontario, and 20 per cent from the other eight provinces. Incidentally, the distribution among the other provinces is almost exactly proportionate to the distribution of the total population. Banff is a national institution, statistically and spiritually. So the Banff commitment is made not only in Alberta but in every province and indeed in many parts of the world. Banff's participants go out to all those provinces and places. We are just beginning to gather information on Banff's alumni, and their peregrinations are wide and their contribution wherever they go is deep. We want to keep in touch with them, with you, and with advisers all over the world because the development of that single three-week drama class with a one-thousand-dollar budget in a ramshackle building in Banff in August of 1933 to the more than twenty-four programs with an eighteen-million-dollar budget in up-to-date fine arts facilities in August of 1983 has depended upon a combination of visionary doers like Cameron and Leighton working with artists and advisers seeking out what is needed. Once we know what is needed, we need, of course, to assess whether Banff can best satisfy that need. There is an instructive story of John Barrymore and his troupe who experienced a devastating freeze as the curtain went up on their play. No one spoke a line, and after the mandatory wait of ten seconds – an eternity on the stage – the prompter whispered the line. No response. Another few seconds and a slightly louder prompt. Still nothing. The prompter was getting frantic and whispered the line so loudly that it could be heard in the back row. Barrymore sidled over and whispered back at the prompter, "We know what the line is; what we don't know is who says it."

Well, we know the play, and it is not *Deacon Stubbs of Perkins Corner*. We know the lines, and when occasions arise when we're not sure who speaks them, like the great Barrymore, we ask. I hope that we never need three prompts to get to the question, and that we may continue to rely upon leaders in the arts and business to help us shape the answers.

The appreciation of the audience was expressed by Sir Arthur Chetwynd, a Past President of The Empire Club of Canada.

DECEMBER 15, 1983

Christmas Luncheon

GUEST OF HONOUR
The Honourable John B. Aird,
O.C., Q.C., B.A., LL.D.
LIEUTENANT-GOVERNOR OF ONTARIO

CHAIRMAN
The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Your Honour, Your Excellency, Reverend Madam, Reverend Sir, distinguished Past Presidents, members and their families, and guests of The Empire Club of Canada: Our luncheon today is a continuation of one of the most enjoyable traditions of our club. The Christmas luncheon is the one luncheon each year to which we do not invite a speaker, but instead we gather to celebrate the spirit of Christmas, and to enjoy traditional festivities. It is a luncheon at which we encourage family and friends to join us for pleasant and highly traditional fare, including plum pudding, and Christmas entertainment. The consistently high attendance at this luncheon each year is testimony to the pleasure and enjoyment of all of us in it.

From one generation to the next, the joy of Christmas is carried forward as our inheritance through songs, hymns, and carols from the beginning of Christianity. The original Christmas carols were derived from the Bible and one can see this from familiar sources such as St. Luke:

> Fear not: for, behold, I bring you good tidings of great joy, which shall be to all people. For unto you is born this day in the city of David a Saviour, which is Christ the Lord.

Since that time, Christmas hymns, carols, and songs have been written and continue to give us great pleasure each Christmas.

Greetings at the Christmas luncheon from His Honour, John B. Aird, Lieutenant-Governor of Ontario.

They are so familiar to us: "O Little Town of Bethlehem," "Deck the Halls," the rollicking "God Rest You Merry, Gentlemen," and, of course, Canada's first Christmas carol, written in Huron in the seventeenth century by Father Jean de Brébeuf – "Jesus Is Born!" with its haunting words

> Twas in the moon of wintertime when all the birds had fled,
> That Mighty Gitchi Manitou sent angel choirs instead.

One has to be particularly hard-hearted not to respond to the hymns and carols of Christmas. Regardless of religious belief, the underlying theme of sympathy, goodwill, and consideration for the less fortunate is common to the philosophy of all of us. So it is with great happiness that we celebrate Christmas at this luncheon and are to be entertained with some of these traditional Christmas carols later in the program by the Bishop Strachan School Choir.

Another traditional aspect of this luncheon has been the honour bestowed upon this club through the presence of the Honourable John Aird, Lieutenant-Governor of the province of Ontario and Honorary Vice-President of The Empire Club of Canada. As the personal representative of Her Majesty the Queen, he, through his office, symbolizes the continuing link between the people of this province and Her Majesty. His Honour has been with us at each Christmas luncheon since his appointment four years ago and I know that everyone agrees that he makes a unique contribution to this very happy event. It gives me great pleasure now to welcome His Honour, Lieutenant-Governor John Aird.

His Honour, the Lieutenant-Governor, as the representative in Ontario of Her Majesty Queen Elizabeth, brought greetings and best wishes for a Merry Christmas to all members of The Empire Club.

MR. DERRY:

Your Honour, we all appreciate your consideration in joining us today, and although your gracious wife was not able to join you, I hope that you will extend to her the very best Christmas wishes of our club.

It is now my pleasure to introduce to you those who have honoured us today by their presence at our head table. Since most are directors or members of our executive, and their husbands or wives, who are familiar to you, I will be brief in my introduction. I ask that you withhold your recognition until all have been introduced. (Introduction of head table guests.)

MR. DERRY:

As each season of our club succeeds the last one, we are fortunate in the continued high standard and tasteful manner in which the affairs of our club are organized, in spite of the eccentricities of the incumbent president. This is due to the dedication and hard work of our directors, to whom we are all indebted, and also to several individuals who, regardless of circumstances, make each of the luncheons function so well.

I am referring, of course, particularly to Eleanor Cook, our Executive Secretary, who has a depth of knowledge of the activities and procedures of the club equalled by no one. Her untiring efforts, particularly in respect of the Margaret Thatcher luncheon, we especially appreciate. When necessary, she has been assisted this season by Sheilah Adams, who is always cheerful, enthusiastic, and supportive.

And what would our luncheons be without music at the start? Stanley St. John retired at the end of last season, and we have the good fortune to have Bobby Fenton now providing the music. We thank you, sir!

The consistent quality of our food – and the amazing ability of the hotel to produce four hundred meals for a luncheon at which only three hundred people were expected – is largely thanks to Tony Hauth, the Catering Manager, and to the hotel staff on the convention floor, under the able direction of Adriano Ferreira.

In the finest traditions of the club, we were piped in today, as on many other memorable occasions, by Pipe Major Ross Stewart. For the organization of the luncheon itself, we are indebted to our Director, Mr. Leslie Parkinson, Chairman of the Christmas luncheon committee. Les, like The Empire Club, is this year celebrating his eightieth birthday and as a joint birthday project, he undertook to see that the luncheon was organized and run in as pleasant a manner as possible. I know, Les, that everyone agrees with me that you have been most successful.

On a personal note, my own life is made immeasurably more livable through the efforts of my secretary, Bernie Camacho. Bernie maintains her good humour in spite of large volumes of work from me, continuous revisions to unintelligible introductory remarks each week, and numerous phone calls on what must seem to be an endless number of Empire Club-related matters.

To all of these people we owe our thanks and I ask you to join me in expressing our appreciation.

One regret for all of us today is the absence of Henry Stalder, our Immediate Past President, and his lovely wife, Ruth. As most of you know, Henry received a new posting with his bank to Sydney, Australia, last summer, and so they are not with us today. The Christmas luncheon is normally the occasion when we are able to thank our past president and his wife for their sacrifices and the contributions that they have made to the club.

And indeed, Henry Stalder had a first-rate year as president, gracing our platform with an excellent range of speakers and leading in the efficient management of our affairs. In recognition of his contribution, a scroll has been prepared and signed by our Honorary President, His Excellency the Governor General. It will be presented to Henry Stalder later in the season, when he will be in Toronto. However, as a small token of our esteem, flowers were delivered yesterday (since Australia is a day ahead of us) to Ruth from her friends in The Empire Club, and I sent a telex of Christmas wishes to Henry.

This morning I received a telex from Henry and Ruth, which reads as follows:

> To the President, distinguished Past Presidents, members of the Board, and members of The Empire Club of Canada:
>
> My spouse and I would like to convey to you all our deep appreciation for your thoughtfulness in sending beautiful flowers on the occasion of the club's Christmas luncheon. We miss you and would have loved to be present on that yearly gathering of "The Empire Club Family." May we extend to all of you most cordial seasons greetings together with the very best wishes for a happy and prosperous 1984.
>
> Ruth and Henry Stalder,
> Sydney, Australia

I know that everyone is looking forward to the choir and I won't hold it up any longer. To sing to us today, and to lead us all in carols, I am delighted to welcome the choir of the Bishop Strachan School, under the able direction of Mrs. Maureen Kolassa and accompanied by Kathy Syer.

Let there be carols!

A program of Christmas music was then sung by the Bishop Strachan School Choir.

MR. DERRY:

Ladies and gentlemen, I am pleased to invite Major General Bruce Legge, President of The Empire Club Foundation and a distinguished Past President of the club, to express our appreciation to Mrs. Kolassa and the choir.

MGEN. LEGGE:

Mr. President, Your Honour, Your Excellency, reverend clergy, members, and friends of The Empire Club of Canada: It is a pleasure to express the appreciation of your great gathering at this mystical time of Christmas.

Foremost is our gratitude to our distinguished President for presenting to us another fabulous Royal York creation in this splendid Canadian Room. It is good to see that Douglas and Margaret Derry are perpetuating the tradition, which some of his presidential predecessors also followed, of paying the grand fees of Bishop Strachan's famous school for young ladies. The school can then send their lovely choir at Christmas to carol for us about the Virgin and her blessed child, the Prince of Peace. That is the true spirit of Christmas – the childlike faith of a little child.

Yesterday, the newspapers were filled with colour pictures of the Prince and Princess of Wales, photographed with the young Prince William, because the world is fascinated by the wonderment of children at Christmas. The pictures were taken in the garden of Kensington Palace, where the Prince of Wales and several of his royal relatives have apartments. Indeed, he told the reporters that there are so many of them that he always says he lives in the "aunt house." Such is the wit of the gallant young prince who was born to be king.

So often we deal with Christmas in a puerile, infantile, juvenile, or childish way, like the doting aunt who took an eight-year-old nephew to dinner and then to the classic ballet, "The Nutcracker." The aunt was ecstatic and asked Billy how he enjoyed the evening. He said, "Oh boy, Auntie, I sure loved having a 'shake and a Big Mac at McDonald's." Auntie was a little disappointed and pressed him about how he liked the ballet. He got the cue and said, "It was real neat, Auntie, except for the funny clothes, the lousy music, and the sissy dancing."

Frequently, we try to put something else into Christmas. I know that His Honour loves oxymorons – those phrases in common use that contain dramatically opposed meanings on the face of them. His Honour was a gallant sailor on corvettes during the war and the first oxymoron that comes to mind is "naval intelligence." His Honour mentioned that he will officially open a post office this afternoon and the imagination leaps with the phrase "postal service." From his greetings from our sovereign lady, Queen Elizabeth II, I know he will join me in the absurdity of a "commercial Christmas."

That is not the Christmas of The Empire Club of Canada. In the last century, the great Russian philosopher, Dostoyevsky, argued that "without God all things are permissible." Christmas is the celebration of Emmanuel – "God with us" – and a reminder of God's sense of right and wrong and of God's rule. When the earthly decree went forth from Caesar Augustus that all should be taxed, our Saviour was born in a stable in Bethlehem in the remote Roman province of Judæa.

The Empire Club's Christmas rejoices in Jesus' birth. It reminds us of the wonders of friends and family, of the importance of service to the Crown, to Canada, to the Commonwealth, and to this great forum of record. We thank our generous benefactors who enable us to publish The Empire Club Yearbook and freely distribute it to the educational libraries of Canada.

Above all, The Empire Club, at this festive lunch, joins with the renowned choir of Bishop Strachan School in singing in exultation. We all hope, Mr. President, that these young ladies will come back again to sing as choirs of angels as they have so gloriously sung today. Thank you and we wish you a Merry Christmas.

MR. DERRY:

Thank you, Major General Legge. I am pleased, Mrs. Kolassa and girls from BSS, to add my own thanks and congratulations for your magnificent performance, and also for your forbearance in permitting all of us to join so lustily with you. It was most enjoyable.

The choir will now lead us in singing the first verse of "God Save the Queen," following which will you please remain standing until the viceregal party and the choir have departed from the room. However, before ending our luncheon, I would like to quote the words of Clement C. Moore, which are a favourite in our household:

'Twas the night before Christmas when all through the house
Not a creature was stirring, not even a mouse.
The stockings were hung by the chimney with care,
In hopes that Saint Nicholas soon would be there.

Merry Christmas, everyone!

JANUARY 5, 1984

Imperatives for Business Survival: Learning to Live with Less

AN ADDRESS BY Victor A. Rice,
CHAIRMAN AND CHIEF EXECUTIVE OFFICER,
MASSEY-FERGUSON LIMITED

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished guests, members and friends of The Empire Club of Canada: When one contemplates the successes and failures of Canadian businesses over the last century, there are many fascinating examples of each. However, there are few companies that have travelled the roller coaster of brilliant success on a world scale and near bankruptcy with the panache of Massey-Ferguson. A few examples:

- Started in 1847 in Newcastle, the company became – and still is – the world's largest manufacturer of tractors and a world leader in multi-cylinder diesel engines. With ownership almost entirely in Canada, but 85 per cent of its sales outside Canada, its exposure to fluctuating world forces has been significant.
- In the last sixty years Massey-Ferguson staggered close to bankruptcy during the Depression, recovered with war production in the 1940s, faltered in the 1950s, thrived in the 1960s, and reached new records of size and profits in the mid-1970s, as a prologue to its most recent difficulties.
- Throughout this time it has been owned or controlled by some of Canada's most prominent businessmen – a feature guaranteed to keep the interest and attention of the public –

first the Massey family itself, and more recently through the Argus Corporation by E.P. Taylor, Colonel Eric Phillips, Bud McDougald, and the Blacks.

- In its most recent crisis, it has had the dubious distinction of breaking a number of Canadian records, one of which is losses since 1977 exceeding $1.4 billion. (I believe that this record has now been surpassed by Canadair, which lost this amount in one year alone.) It also had long-term borrowings and bank debts in 1980 of $1.6 billion, the rescheduling of which required unparallelled negotiations with banks throughout the world, and support from the federal and Ontario governments. More recently, Dome Petroleum has provided some competition in this area.

Of course everyone has his or her own theory as to why Massey-Ferguson has had such problems. Mine, based on personal experience, is simpler than most. Their product is too good. As the owner of a thirty-year-old Massey 35 tractor that continues chugging along year in and year out, I cannot help but suspect that the market for perpetually operating farm equipment is getting saturated.

However, in spite of this, there are signals to suggest that a brighter future is in sight. Although the company is still absorbing losses, these have been reduced significantly through paring of costs; and while industry sales have continued to decline, Massey's share of the market has been improving. With some signs of an improvement in major markets, 1984 is looking more promising and the recent acquisition of Rolls-Royce Diesels International seems to confirm this as being management's view. To have weathered such problems and survive is to the considerable credit of Mr. Rice and his management team.

Out of such levels of adversity there has to be some benefit, and this can be seen in an organization that is much leaner and more tightly run than has been the case for many years; it is far better poised for the demands of the second half of this decade and for the next. So it seems appropriate that the Chairman of Massey-Ferguson should select as his topic, "Imperatives for Business Survival: Learning to Live with Less."

Victor Rice has been running Massey-Ferguson since 1978 – he has addressed the problems in the worst of times and, it is to be hoped, he will continue to do so through improving times. After gaining experience with Ford, Cummins Engines, and Chrysler in the United Kingdom, he joined the Perkins Engines subsidiary of Massey-Ferguson in 1970. He served as Director of Finance and then marketing prior to moving to Toronto in 1975 to become Controller of Massey-Ferguson itself. In 1977 he was appointed Vice-President Staff Operations and a year later he became President and Chief Operating Officer. In 1980, at the age of thirty-nine he was elected Chairman and Chief Executive Officer.

I am pleased to welcome Mr. Victor Rice to address us today.

MR. RICE:

Mr. Chairman, ladies and gentlemen: I hate to begin with bad news for such a distinguished audience – but I think the microphone is working.

I want you to know I'm grateful for the remarks I heard as I came up here – but I'm going to speak anyway. Actually, I'm deeply honoured by your invitation, and by your gracious welcome. After such a fine meal, it may seem unlikely I can persuade you that less is really more. I'm going to try.

I want to review with you some of the things that I believe this world – especially the economic sector – needs less of, in order to make more headway in the years ahead; not just obvious things like inflation and international tension, goodness knows, we can always use less of those, but other things that many people seem to feel are all but inevitable these days. For example – we need less confrontation between government, business, and labour, and more collaboration. We need a lot less demand for the quick fix in economic policy – and a lot more perception of the need for basic structural changes. We need less lip service to the urgent requirements of job creation, and a lot more productive investment. We need less inclination to resolve economic issues among nations by throwing up more trade barriers. We need to pay less heed to the notion that we can cure liquidity problems in the developing world by cutting off the flow of credit. We need a lot less alienation among workers – and a lot more understanding of the causes of that alienation.

That's what I mean by making more out of less.

I'm a believer, you see, because I consider myself an expert on living with less. At Massey-Ferguson, we had no alternative. When the well ran dry, we had to learn to survive on short rations or not at all. So we learned...and in the process we made some interesting discoveries.

We found we could not only survive in a low-cal economy, but we could shape up as we slimmed down. I suppose you could draw a parallel between our experience and society's new preoccupation with physical fitness and the no-bulge profile. It seems to me there are two ways to fight the flab – and this applies to business as well as to people. You can let yourself become scrawny and emaciated. If you're undernourished, it's inevitable that you will shrivel up and lose your energy. Deep inside, you will still yearn for the rich provisions of the good old days. Or you can adapt. You can train yourself to thrive on less. You convert your low-cal diet into sinew and strength.

I believe that's the choice facing much of the world's business community today – to shrivel up and eventually fall by the wayside, or to become trim and tough. In other words, to make more out of less.

Those of you who are fitness addicts already know the process starts with your frame of mind. You've got to believe. You've got to convince yourself you are willing to make the sacrifice, willing to give up certain indulgences to achieve a new level of fitness. It's no different in the world of business.

Victor A. Rice,
Chairman and
Chief Executive Officer,
Massey-Ferguson Limited

We've got to convince ourselves that we stand to gain by changing our ways, that we cannot afford to indulge ourselves any longer, that new mandates for economic reform have emerged, perhaps while we weren't looking. We've got to convince ourselves that the old rules of supply and demand just don't work the way they used to.

In this new economic frame of mind, we may find ourselves wondering why we suffered recessions, on two different occasions during the seventies, that failed to overcome inflation. That had never happened before. Hindsight suggests that the economy was sending out a signal. I think it was telling us that a generation of unbroken growth and prosperity in the post-war industrial world was coming to an end. It was also telling us, to my way of thinking, that the old economic equations were no longer relevant to the new conditions.

Let me give you four reasons why I believe the rules of the economic game have changed in very profound ways:

- Number One. The world has fused into one big global economic system. Upwards of one-quarter of everything mankind produces is now traded across national boundaries. Political divisions or not, our world has become economically interlocked.
- Number Two. Governments have become massive economic institutions in their own right. In Canada, government now accounts for 55 per cent of gross domestic product. In the non-Communist world, 85 per cent of the oil is owned or controlled by governments. State enterprises produce 54 per cent of our steel, 40 per cent of our copper, 20 per cent of our motor cars.
- Number Three. Economic power has become highly concentrated. In the United States the top fifty among the nation's thirteen thousand banks control 48 per cent of all bank assets. In Canada, the one hundred biggest companies account for a comparable share of all private economic activity, and Canada's unions and professional associations represent nearly a quarter of the entire labour force.
- Number Four – and this may be the most decisive change of all. After centuries in the shadows, the Third World has emerged as a major economic force. Exports of manufactured goods from the Third World to the industrial economies doubled in the period 1970 to 1980. Scan the latest list of *Fortune*'s five hundred largest international companies and you will find entries from Brazil, South Korea, Taiwan, Mexico, India, Peru, and the Philippines.

Four good reasons why the old rules won't work anymore.

Four good reasons why we need to cultivate a new economic frame of mind.

Four good reasons why we should reshape our old concepts of the economic machine if we truly expect to make more out of less.

That won't be easy. Again, I speak from hard experience. We have devoted five painful years to changing the way we think at Massey-Ferguson, and the process continues.

Someone told me a long time ago that experience is what you get when you're expecting something else. It took me a long time – and a lot of hard knocks – to realize that he was right.

Old concepts, like old habits, die hard, and we cannot count on a sudden burst of illumination to light the way, a sudden revelation of new economic wisdom. It doesn't happen that way. Instead, we find ourselves coming to grips with the new economic imperatives in a succession of tests of will. We can expect to be tested and challenged in every major economic arena – monetary policy, international trade, capital formation, structural unemployment, and all the rest.

At this point, the crucial need is to accept the task confronting us, to realize we have reached a watershed in economic history, to understand that we must develop new policies and programs to respond successfully to the new imperatives.

So far today we have examined the economic kaleidoscope from a perspective of macroeconomics – that's a buzzword favoured by economists looking at the big picture. I would like to spend a few moments looking at this issue of making more out of less from a tighter focus, so I invite your indulgence while I review some of the pivotal experiences of Massey-Ferguson in recent times. Perhaps, with a bit of luck, I can interpret our ordeal in a way that sheds some light on matters that concern us all.

Let's step back in time to the go-go years of the sixties and early seventies. Oil shocks were the furthest thing from our mind. In the farm machinery business – just as in steel and chemicals and automobiles, among others – we couldn't make our product fast enough. I can set the scene for you with several passages from our company's annual report for 1973 – the full impact of the first energy crunch was still ahead of us. "During 1973, sales by farm machinery manufacturers were generally limited only by availability of supply. . . ." "Construction of additional production facilities for Massey-Ferguson, undertaken in the latter half of 1973, will begin to contribute in 1974 to improve supply capability." "During 1973, capital expenditures of $72 million were authorized; actual expenditures, the largest in the company's history, amounted to $60 million...." "Any over-all reduction of demand from world-wide monetary, energy or economic complications would seem at this date to be far less significant than supply constraints."

So we built new factories here and there around the world. At the same time, we were leaping into new fields – things like office furniture, construction equipment, snowmobiles. We financed this expansion, needless to say, largely with borrowed capital.

Please don't get me wrong. We were not spreading our wings in isolation. All around us, other companies were doing exactly the same – expanding as fast as their banks and investors would permit, going flat-out for high volume and high returns. You spent more to make more.

I might point out that the prevailing prime rate in Canada at the time was 9 per cent.

In 1975, Massey-Ferguson netted $99 million on sales of $2.5 billion. In 1976, we netted $118 million on sales of almost $2.8 billion.

Then the roof fell in.

We didn't know it at the time, of course, but the farm machinery market was entering its deepest slump in memory – a long-term erosion of sales that has just completed its seventh consecutive year.

What else happened in the late seventies? A better question is, what didn't happen? A litany of economic affliction comes to mind. With inflation kicking up, governments imposed credit and monetary restrictions. As interest rates went up, sales of capital goods went down...and the cost of maintaining heavy inventories and overbuilt production capacity exploded. The price of finally bringing inflation under control turned out to be a lot higher than anyone expected. The industrial economies tumbled into the worst recession in fifty years – a deep hole which we are still climbing out of. At Massey-Ferguson, our predicament was aggravated by weakened farm economies. As commodity prices declined, so did demand for our products.

These are the circumstances that brought us face to face with the business imperatives of living with less. Not just our company, but our entire industry, and a good many other industries along with us.

Perhaps the recent distress and suffering have been most visible at the so-called smokestack industries – but they are certainly not limited to basic producers. In fact, the new economic imperatives apply across the board. No industry is immune. Some may have suffered less than others; but the problems are systemic.

Most of us in the business world are going to try our hand – if we haven't already – at making more out of less. As evidence, consider today's unprecedented volume of corporate divestitures. Thousands of companies in all parts of the world are shrinking of their own accord, peeling off the fat. The pace of spin-offs, leveraged buy-outs, and outright sale of divisions has never been greater.

Why? I'll tell you what I think. I believe the new economic imperatives are penalizing haphazard growth for growth's sake. I believe we will think twice before we devote a large share of business investment to buying assets from each other. These transfers may save jobs, but they don't accomplish much in the way of creating new job opportunities. Business, government, and labour have all discovered we cannot prevent structural unemployment by swapping corporate resources. It is no accident that, of the acquisitions made by Massey-Ferguson in unrelated businesses during our go-go years, not a single one remains.

One small step toward making more out of less – but divestment of peripheral businesses seems to be becoming a trend. I'm told one large conglomerate south of the border has fifty-two subsidiaries on the block.

Let's get specific. I want to outline for you what Massey-Ferguson has done, and is still doing to this day, to convert less into more. You might call it our five-step formula for corporate re-emergence.

Our program evolved out of expensive experience – painful experience, much of it self-inflicted. I've always thought experience was the hardest kind of teacher: it gives you the test first and the lesson afterward. A five-step formula for survival and re-emergence. Five simple steps...so simple and uncomplicated that we are still hard at work, five years later, putting them into practice. I think I mentioned that economic reform isn't easy – whether you are dealing with the big picture or a single enterprise trying to stay afloat.

Step number one. We decided what our economic mission in life really is. We took a long, hard look at ourselves – as dispassionately and objectively as we could – to determine what we could do best. We undertook this punishing process by practising what some authorities call zero-based thinking. We went back to square one and asked ourselves: Are we manufacturers? Are we marketers? Are we deal-makers? Are we some combination of these or other capabilities? In the end, we decided we are marketers first. This was not, I should tell you, a casual or spontaneous journey from point A to point B. Quite the contrary. It demanded a wrenching self-appraisal. Sacred cows toppled. Emotion intervened. In the end, pragmatic judgement prevailed.

Step number two was only slightly less difficult. Now that we had determined what we did best, what should we be doing to fulfill our potential? So we said, all right, we are first and foremost a marketing organization. Our corporate objective should be to become the best international marketers in our industry. With seven thousand dealers and distributors scattered through all parts of the world, it should be no great trick to win the marketing derby. That's when we discovered we had not yet made a total marketing commitment. Elements of the organization continued to think in production terms. In some respects, we were structured as a manufacturing enterprise. In other words, some of us still thought we were in business to sell what we could make. Quite the opposite of the marketing concept: make what you can sell, and do it profitably.

At that point, we had taken two significant steps on our new course. We had decided what we do best, and how best to do it.

Which brought us to step three. How to achieve our goal within a framework of diminished corporate resources. Did it really make sense to pursue a grand strategy with a flat wallet?

A very careful analysis of our prospects in the world marketplace – a shrinking marketplace, as I mentioned – confirmed that our goal was realistic...if we could squeeze more value out of shrinking resources. So we tore down barriers, consolidated, and discovered the efficiencies of sharing talents, spaces, and other assets. We found we really could make more out of less – not only by paring off that fat, those peripheral activities unrelated to our core interests in farm machinery, industrial machinery, and diesel engines – but also by reaching out for new marketing opportunities. We make castings for ourselves – so let's make castings for other companies. We make hydraulic systems for ourselves – let's sell hydraulic systems to others. We maintain a highly skilled engineering capability for our own needs – so let's share our special brand of engineering know-how with others willing to pay for it. We know Third World countries want tractors but lack foreign exchange – so let's go into trade and barter by swapping tractors for commodities. Those are some of the ways Massey-Ferguson is making more out of less.

Now, step number four. This may seem simplistic; believe me, it isn't. To make more out of less, you must develop throughout your organization a thoughtful appreciation of the value of the corporate dollar.

I'm often astonished to find at fairly high corporate levels a near-absence of financial understanding – sales managers all but ignorant of cash flow, engineering managers insensitive to return on investment. Perhaps it takes a few bad years to generate rank-and-file appreciation of profits. At the reborn Massey-Ferguson, we expect everyone on the payroll to accept the imperatives of fiscal responsibility. Too much to ask of a shop floor worker, a computer programmer, a draftsman? I don't think so. You won't either, when you have worked as hard as we have to restore profits to your income statement.

Now, step five. We give our people the right to fail. You cannot make more out of less if your employees are reluctant to take chances; if they prefer to stand pat rather than run the risk of failure. I like to remind my colleagues that even if they are on the right track, they will still get run over if they just sit there. I'm convinced there is room in the corporate atmosphere for entrepreneurial initiative. I want Massey-Ferguson people to know their company supports them when they try new things ... when the set their sights on some new target. If we were perfect as we stand, we wouldn't be digging ourselves out of this hole. So go ahead – try something different, something daring, something bold. If it doesn't work, get up and try something else. We acknowledge your right to fail. Just give us your best effort.

Five simple steps...and every one of them associated with a new economic frame of mind.

I will say it again: it all starts up here, with our frame of mind, with our intellects and emotions and judgement coming to grips with the new realities of a world economy convulsed by change. A world economy that is transmitting urgent signals on the business imperatives to make more out of less,

- less in the form of lower deficits in our public expenditures – deficits that trigger inflation and hinder productive investments.
- less reluctance on the part of investors to draw their money out of gold and other non-productive havens and put it into new technologies and rebuilt industries that create jobs.
- less resistance to basic structural adjustments that will enhance industrial productivity and raise our capacity to compete in world markets.
- less insistence on government intervention as the appropriate response to import competition.

- less polarization on the part of business and labour in their common quest for policies that promise job enrichment as well as gains in productivity.
- less reliance on happy-go-lucky tinkering with tax, credit, and public spending programs as the cure-all for every economic ailment.
- and finally, less complacency and unconcern in the face of massive unfulfilled economic needs existing side by side with a massive pool of sheltered petrodollars and other lazy capital.

That's what I mean by making more out of less.

I would like to make a final point before I thank you for your very gracious attention.

Newton taught us long ago that for every action, there is a comparable reaction. A basic law of dynamics that happens to apply to the business world. Think back to the years we spent exporting our technology to the Third World in return for raw materials and cheap labour. Did it ever occur to us that sooner or later our technology would be coming back in the form of finished goods? We taught the developing countries how to make steel and textiles and television sets. Now we run to government to save our beleaguered industries from import competition. It doesn't make sense...any more than it makes sense to pump up our economies with monumental infusions of public capital for armaments. In 1980 – only four years ago – the Brandt Commission discovered, and I quote, "One-half of one per cent of one year's military expenditures would pay for all the farm equipment needed to increase food production and approach self-sufficiency in food-deficit, low-income countries by 1990." A classic opportunity to make more out of less – and make Massey-Ferguson very happy in the process.

The appreciation of the audience was expressed by H.N.R. Jackman, a Past President of The Empire Club of Canada.

JANUARY 12, 1984

Quebec of the Eighties

AN ADDRESS BY The Honourable Jacques Parizeau,
M.L.A., PH.D.
MINISTER OF FINANCE AND CHAIRMAN OF THE COMITÉ DE DÉVELOPPEMENT ECONOMIQUE, PROVINCE OF QUEBEC

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Monsieur le ministre, mon révérant, chers invitées, mesdames, et messieurs: Nous avons le plaisir de revoir parmis nous aux Empire Club L'Honorable Ministre Jacques Parizeau. He is a man who has steered Quebec through some of its most volatile and difficult financial years. To the credit of the individual concerned, he has not only survived in this role for the last seven years, but has come through it with the considerable respect of observers, regardless of whether they support the underlying political policies of his government.

Mr. Parizeau last addressed us on March 17, 1977, on the topic "Four Months After" – that, of course, being the time since the first electoral victory of the Parti Québécois. He went to considerable effort to explain the rational fiscal approach of his government, but very clearly within the framework of a planned successful referendum leading to political independence for Quebec, and within the framework of the Parti's social democratic platform.

Since that time, the Parti Québécois has had a volatile relationship with its electorate. The stunning 1976 defeat of the Bourassa government was followed in May 1980 by the referendum on the question of political independence and the answer was a clear rejection of it. However, a year later, the Parti Québécois was easily re-elected, which might suggest that the electorate was well satisfied with the government if not with the possibility of independence.

In the tide of political fortunes, the vanquished Mr. Bourassa is again leading the Liberals in Quebec and the popularity of the Parti Québécois has in recent months dropped to approximately 20 per cent, being roughly half that of the Liberal party. I expect that it is small consolation that Mr. Trudeau might note that this distinct lack of popularity of a governing party is far from unique at present in Canada. However, Mr. Parizeau would undoubtedly be quick to point out that with over two years until the April 1986 deadline for another general election in Quebec, the game is as yet far from over.

Indeed, last November, the Quebec government announced a wide-ranging economic recovery package designed to generate billions of dollars of investment in Quebec. It is sorely needed at present, for in spite of the widely acknowledged skills of our guest speaker as Minister of Finance, the province has certainly been suffering through the recent harsh times. While the proof of the pudding will be in the eating, we look forward to hearing from Mr. Parizeau today on this and the current fiscal situation in Quebec.

Born in Montreal in 1930, Jacques Parizeau studied at Montreal's Ecole des Hautes Etudes Commerciales, and then in Paris at the Institut d'Etudes Politiques and at the Faculté de Droit. Following that, he obtained his doctorate at the London School of Economics. From 1955 until 1976, Mr. Parizeau was Professor of Applied Economics at his Montreal alma mater – Ecole des Hautes Etudes Commerciales.

For many years, Mr. Parizeau has been closely linked to a number of government projects, and from 1965 through 1969, was an economic and financial adviser to the Quebec government. He has been active in the Parti Québécois since 1970, and was first elected to the Quebec National Assembly in 1975. He has been Minister of Finance since November 1976, and during that time, he has tabled seven budgets in the National Assembly. In addition to being Minister of Finance, Mr. Parizeau is today Chairman of the Comité de Développement Economique, and is minister responsible for the Commission des Valeurs Mobilières du Québec and for the Inspecteur Général des Institutions Financiers.

Il me fait plaisir de souhaiter le bienvenu à Monsieur Le Ministre Parizeau, qui nous addressera au sujet de "Le Québec dans Les Années Quatre-vingt."

MR. PARIZEAU:

Mr. President, ladies, and gentlemen: It is a difficult but necessary exercise for politicians to periodically take stock of the society in which they live and which, for better or for worse, they have been called upon to supply with political leadership. The present government of Quebec has now been in power for seven years, a very short time for an Ontario government, a fairly long time for a Quebec one. From the mid-seventies to the mid-eighties major changes have taken place and, without the pretence of expressing anything other than a subjective and personal point of view for the purpose of this presentation, I have been tempted to describe briefly what I feel has emerged in the last few years that is or can be, or at least that I feel is, of consequence. It might be the privilege of a very old Minister of Finance to do so.

Firstly, I think that the French-speaking majority of Quebec is now largely at peace with its language. In comparison to the mid-seventies, the shift is striking and of profound consequence. Gone are the public demonstrations of ten or fifteen years ago. Things are done now as a matter of course that were in times past the object of tension, of discussions, of squabbles. French-speaking Quebecers, including those in the business world, consider that, in practice, this issue has been settled. Indeed, English-speaking Quebecers now feel threatened in their institutions or in the recognition of their role. Their numbers have thinned; they do not assimilate immigrants as much as before. A search for a sort of balancing act is still going on, as it should be.

Guest Speaker, The Honourable Jacques Parizeau, Minister of Finance, Province of Quebec, with the Honourable Tom Wells, Minister of Intergovernmental Affairs, Province of Ontario.

But the fundamental issue is not a real one any more. Daniel Johnson, former premier, wanted Quebec to be as French as Ontario was English. He probably never imagined that such a goal would be practically achieved in a matter of fifteen years. Gradually the old, basic, gut reaction that the French language is constantly threatened in the vast linguistic sea of North America is receding. Younger executives find it difficult to understand what the elders try to remember, and want to make sure their knowledge of English is adequate. The collective soul will still have cramps occasionally, but it is learning the virtues of serenity.

While this was taking place, a major shift occurred in business, the way it is, the way it is managed, the way it is perceived. Montreal is no longer the economic and financial metropolis of Canada. A great deal of activity has migrated to

Toronto, and so have many of the powerful and the wealthy. The void is being filled. The eighties are the years of the native entrepreneur. He creates jobs. He invests. Three months ago, the French daily *La Presse* had the following headline: "St. James Street against S–31." It referred to a petition signed by twenty-one major business executives as a protest against Bill S–31. Not one name was English. For the newspaper desk, these executives were St. James Street. An extraordinary perception, no doubt, in some circles, but a very significant one.

The truncated society that was so typical of French Canada for generations, wherein a young Frenchman could have all possible opportunities for a future in politics, the universities, the media, the unions, but not in business administration, has in just a short time found its proper extension.

A very peculiar economic structure has developed in Quebec; because of its sudden emergence, it has not yet been analyzed. Few people in English Canada are aware of the peculiar attitude that French Canada has had toward business for so many generations and its inevitable consequence, that is, the acceptance of foreign (in the sense of external to the community) business decisions as more or less acts of God. Prosperity by and large would come from outside.

The void this has created, widened still further by the drift toward central Canada, called for something to be done. Thus, a widespread, powerful, multipurpose public sector was created over a twenty-year period. The co-operative movement developed, with an economic and financial muscle unheard of elsewhere in North America. Finally, a vast class of eager, habitually well-trained businessmen jumped into the fray. And all these institutions and people have now learned to work together to finance each other and crossbreed their projects.

There is nothing similar in the rest of Canada, indeed in North America. To state, as often happens, that nationalization is the key to Pandora's box, is not only ridiculous; it is also the expression of a misunderstanding. The complex structure of

Quebec enterprise does not move by dint of nationalization, but by the mutual support of hundreds of co-operative public and private agents. That is why the federal offensive against the Caisse de dépôt in Bill S–31 was not well received in Quebec. Nobody seemed to realize across the Ottawa River that the Caisse has 300 partners in the private sector who happen to be generally quite happy with their relationship.

Public opinion has adapted to the new state of affairs. Native business, governments, and the caisse populaire next door are now perceived as the bulwark of economic growth. The Quebec Stocks Saving Plan is a huge success, as any investment dealer knows. The Fund established recently by the Quebec Federation of Labour to have its members invest in risk capital is, in itself, a remarkable and very significant development.

In such a context, foreign investment is no longer the object of the love-hate relationship that was so typical of the past. By all means, let's have foreign investment if it increases the rate of growth or employment. Here again, the collective soul has unwound.

It has not unwound, however, with respect to social militancy, which has been so typical until now of the Quebec scene. The leaders of Quebec opinion have a much better understanding of labour and social movements than they have usually of business. The unions and what they represent were part of their youth and have until quite recently been part of their most fundamental perception of society.

Twenty years of strikes in the public sector have taken their toll. The level of tolerance of public opinion with respect to the disruption of services has dropped dramatically. Shutting down a plant or a company in times of unemployment for a 2 per cent difference in wages no longer seems an objective of which anyone can be proud. In fact, nobody believes anymore that the difference between a democrat and a fascist actually amounts to a 2 per cent difference in wages at bargaining time.

The backlash is so strong that it imperils social progress. It becomes easy to consider that any social measure can jeopardize economic development and employment growth, and therefore, should be shelved.

The balancing act will be arduous to maintain in the next few years; and it will be difficult to keep up the drive required to improve various social programs, foremost among them pension provisions, to resist renewed efforts to increase wages faster than productivity warrants, and to mollify the negative reactions of business that will long remember the near-panic of 1982 conditions.

I suspect, however, that such a delicate equilibrium is not peculiar to Quebec and that, throughout major parts of the western world, the same qualms will prevail for quite a few years to come.

Among the objectives that now present themselves for the near future, those of an economic nature are the object of a widening consensus. Those of a political nature are still fundamentally divisive.

It is well understood, now, that Quebec has never, over the last half century, invested enough. While French Quebec was perpetually obsessed with the lack of capital or savings for development purposes, it has taken years to have it understand that what was lacking was good projects, not money, and that Quebec was usually an exporter of capital. The message is now well understood and government priorities have been shifted accordingly. It is not an insignificant achievement that, in the present circumstances, it was accepted without major difficulties that Quebecers should finance a large part of the Pechiney project or put $120 million of public funds into Bell Helicopter.

Secondly, Quebecers now generally recognize that 40 per cent of domestic production is exported and that bread and butter depends on competitiveness. This simple-minded observation has not always been clear, however. At a time when most Quebec exports were being handled by two dozen major corporations operating, in their decision-making process, completely outside the mainstream of society, the utter dependence of Quebec on external markets was not obvious to most. It is a startling development, in that respect, that for the past year, the Quebec government has been involved in export financing, over and above what is available in Ottawa, for the first time in its history.

Thirdly, the shift of resources toward new technology has been quite impressive recently and is really only just starting. It is a remarkable development of government policies that, five or six years ago, they were still grounded in the support of natural-resource industries and in the protection of traditional industries such as textiles or furniture, while now, after the publication two years ago of the government policy paper called *The Technology Conversion*, the shift of human and financial resources toward R & D and high-technology industries is accelerating as a sort of self-evident movement.

Fourthly, after years of discussion about regional development, a broad measure of agreement has developed about the role and importance of Montreal. It took a long time to understand that when Montreal sneezes, the rest of Quebec catches cold. For the first time, the Montreal area is recognized as the centre of government development policies, and resources are dealt with accordingly.

Such economic objectives might seem rather simplistic. Indeed, they are. But there are immense advantages in having simple objectives. They can be understood by everyone.

When it comes to the political objectives of the 1980s, however, there is no such thing as a consensus, and the battle – a very democratic one – rages on.

Politics in Canada and in Quebec have been dominated for some fifteen years by the issue of Quebec's independence. Premier Johnson came to power in 1966 with the motto of "Equality or Independence." A year later, General de Gaulle put an umbrella of respectability over what had been until then the reaction of fringe groups and the temptation of a premier. Soon afterward, a political party was launched. At the same time, in Ottawa, a group of French Canadians got together to block the same avenue.

At times, the idea and the objective were snowed under. In the mid-seventies, Mr. Trudeau was solidly at the helm in Ottawa, while Mr. Bourassa had under his guidance 102 out of 108 members of the National Assembly in Quebec City. Yet, during the same period, the main political issue both in Ottawa and in Quebec City was the independence of Quebec. At the end of 1976, the objective seemed to prevail. Four years later, the referendum was lost by those who favoured independence. A few months afterward, they won a general election.Then they lost the constitutional face-off with Ottawa.

And I suppose, looking into the future, that such battles, won and lost, can multiply. Coming out of the recession, the Parti Québécois is dreadfully weak. But so is the government of Mr. Trudeau. For fifteen years, French Canadians have dominated the politics of Canada. English Canadians, in that awful conflict that pitted friend against friend, were set aside until such time as they showed themselves ready to junk the whole quarrel and reaffirm their right to govern themselves. French Canadians have become a dreadful pain in the neck to other Canadians.

Yet, in Quebec, the battle around Quebec's political future is as severe, as acute, as it ever was. I, for one, am as convinced as I have always been, that Quebecers will never achieve proper confidence in themselves until such time as they are responsible for what they do. Everything that goes on in Quebec at the present time confirms my conviction that a nation cannot live by proxy and must be accountable for what happens to it. I recognize the assaults that pit against each other the bourgeois of bygone power and the parvenus of recent clout. I can understand the fright of those who, not being used to decision making, are still wary of upsetting the apple cart.

But they must learn. Societies are not properly organized around individuals who were afraid, are afraid, and will continue to be afraid.

But I also recognize the weight of those who feel that nationalism can be a withdrawal of intelligence, that it is through competition that worth is ascertained, that doors must be kept open, and that the federal government has a duty to keep them open.

There are, in such options, fundamental oppositions that will not fade away for years to come. A sort of wisdom prevails in Ottawa as far as the two major political parties are concerned to keep the image of an essential role of the French fact as intact as possible. There is in Quebec City an awareness that the reassertion of English Canada in Ottawa would help the drive toward independence.

Ottawa feels that a rapid economic recovery will stifle the drive toward independence in Quebec. Quebec City feels that economic recovery will have the opposite effect.

In other words, strategies are acutely different, just as much as objectives are. But, in the end, what we are talking about has to do with the souls of nations. Thus, the conflicts are staggering, the assaults without mercy.

I feel, profoundly, that the outcome is inevitable, that independence cannot be shaken off once a small taste of it has been had. Others obviously disagree. However, let all those, here and abroad, who look upon that great clash marvel at the fact that democracy has been so profoundly ingrained in each of us that we have found no other way to settle such a major conflict than by voting for whichever avenue of the future seems to be called for.

Be that as it may, the recovery of the Quebec economy, after the acute recession of 1982, shows a lot of strength. Economic recovery may not be as rapid as that in Ontario, as it is not fuelled as strongly by the remarkable rise in the automobile market. But in relation to the rest of Canada, the results achieved in 1983 are more than satisfactory. This year looks better still. There are signs already that investment might be higher than what was forecast a few months ago. Increased consumer confidence and better export markets will all contribute to a rate of growth higher than that of last year. Unemployment remains a major preoccupation: it becomes obvious that profound changes in labour and social programs will be required if we want to attain a level of unemployment in the single digits.

In that sense, the political preoccupations regarding the future of Quebec must not distract from the obligations that we all have, and that is, to ensure that our citizens, after having gone through the worst recession since the 1930s, can look to the next few years with optimism and with relative assurance that their governments are not working at cross-purposes to assure a decent rate of growth and as high a level of employment as it is reasonable to expect.

The appreciation of the audience was expressed by Barnett Danson, a Director of The Empire Club of Canada.

JANUARY 19, 1984

The Authority of Learning

AN ADDRESS BY Professor Northrop Frye, C.C., D.D., LL.D., D.LITT., F.R.S.C.
LITERARY CRITIC; CHANCELLOR, VICTORIA UNIVERSITY; AND UNIVERSITY PROFESSOR, UNIVERSITY OF TORONTO

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Reverend Father, distinguished guests, members, and friends of The Empire Club of Canada: It is an interesting problem for the Chairman of a meeting such as this when confronted with the prospect of introducing a speaker as highly respected and acclaimed as Dr.Frye. How does one appropriately outline for the audience the multitude of his accomplishments and honours without giving a speech longer than that expected of the speaker?

With that threat hanging over your heads, I am quick to relieve your obvious concerns and assure you that I will constrain myself. However, I hope that my introductory remarks, while not as lengthy as deserved, will do justice to the very considerable accomplishments of Dr. Frye.

Northrop Frye has spent some fifty years at the University of Toronto – or more specifically, at one of its federated universities, Victoria University. This was first as an undergraduate student at Victoria College and then as a divinity student at Victoria University's other college, Emmanuel. After being ordained in the United Church of Canada in 1936, Dr. Frye realized that his future lay in university teaching and he went to Oxford to do graduate work for three years. In 1939, he returned to Canada and joined the Department of English at Victoria College.

Dr. Frye's reputation as a literary critic was quickly established through a large number of public lectures and publications starting in 1947 with *Fearful Symmetry: A Study of William Blake*. In the London *Spectator*, the poet Edith Sitwell wrote, "Mr. Northrop Frye's book is of such importance that it is impossible even to begin to do it justice in the space at my disposal. To say it is a magnificent, extraordinary book is to praise it as it should be praised, but in doing so, one gives little idea of the huge scope of the book and of its fiery understanding." And this review was written near the *beginning* of Dr. Frye's illustrious career.

Fearful Symmetry was followed ten years later by *Anatomy of Criticism*, in which he related literature to society and civilization as a whole. Since then, Professor Frye has written eighteen books, including recently *The Great Code*, his highly acclaimed study of the Bible's imagery and mythological structure. This is in addition to editing twelve books, contributing essays and chapters to over forty other books, and contributing over one hundred articles and reviews in learned journals. On top of this, he has lectured at over one hundred universities throughout the world.

It is therefore not surprising, though one might wonder how he possibly had the time, that Dr. Frye rapidly took on increasingly senior responsibilities within the University. He became a full professor in 1947, Chairman of Victoria College's Department of English in 1952, and Principal of Victoria College from 1959 to 1967. In 1967 he had the honour of becoming the University of Toronto's first University Professor, which means that he is not attached to any department and may teach whatever subject he likes in whatever department is ready to accept him, though I doubt that acceptance has been a problem for Dr. Frye! Since 1978, Dr. Frye has been Chancellor of Victoria University.

In recognition of his contributions, Dr. Frye was made a Fellow of the Royal Society of Canada in 1951, and since that time he has received numerous honours and awards, including in 1972 Canada's highest honour, being made a Companion of the Order of Canada. Since 1957, Professor Frye has received honorary degrees from more than thirty universities and colleges in Canada and the United States.

Dr. Frye's topic today is "The Authority of Learning," and indeed, I cannot think of a more appropriate topic from a man who is himself such an authority *on* learning. It is our great honour now to welcome Dr. Northrop Frye.

DR. FRYE:

Mr. Chairman, ladies and gentlemen: This year, 1984, seems to be the only year that has had a book written about it before it appeared, and discussions of Orwell's *1984* have become one of the most hackneyed themes in current journalism even before we are out of the January of that year. Nevertheless, I insist on beginning with one more reference to it, and for two reasons. In the first place, most of the discussions of the book I have read have failed to grasp its central thesis. Second, that thesis coincides with my own conviction as a student and teacher of English, which I have been trying to pound into the student and public consciousness for nearly half a century.

I remember well the impact that Orwell's book made when it appeared in 1949. The Communists turned on their scream machine, and in those days a lot of people in the democracies listened to it. For there was still a very large group of leftist sympathizers who, in regard to the Stalin régime in Russia, were in exactly the situation that the book itself calls "doublethink." The deliberately engineered famines in the Ukraine, the purges and massacres, the concentration camps in Siberia (a) didn't exist, (b) maybe did exist, but nobody but a mean old Fascist would mention them. So the book was decried a good deal as reactionary propaganda. I reviewed it over the CBC in 1949, and I remember the comment of my producer, who himself was clearly in the state of doublethink I mentioned: "Why didn't you just talk about the prose style?"

Dr. Northrop Frye,
Literary Critic

What I then said about the book was what I would say now: it is a twentieth-century *Inferno*, a vision of hell where there is no hope and no end. The liberal bromide that tyrannies will disappear when certain ends, however selfish, have been achieved, is carefully taken away from the reader. “I understand the how but not the why,” the hero says, and is told that there isn’t any why. The tortures and spying are not means to an end; they are the ends; the object of power is power; the reason for torture is torture.

In the ensuing years, Orwell’s prophecy began to look very accurate indeed. True, Stalin died, as the Big Brother of *1984* cannot die; but much of his structure of tyranny survived him. China set up a very similar structure during the so-called gang-of-four régime, and the fact that it has a more reasonable, or at any rate more pragmatic, régime now is the luck of a power struggle, not any uprising from the people: this is another mirage that Orwell's book sets aside. In the United States, the spying and frame-up trials of the McCarthy era went on and on and on. Everything Orwell said would happen has happened, but in bits and pieces, not, so far, in the consolidated global form that makes the book a real *Inferno*. Why not?

The central thesis of the book is that there is only one way to create a hell on earth that we and our children can never escape from, and that is to smash language. As long as we have the words to formulate ideas with, those ideas will still be potential, and potentially dangerous. What Orwell's state brings in is a pseudo-logical simplification of language called Newspeak, in which, for example, instead of saying that something is very bad you say that it is "double plus ungood." This kind of talk is rationalized as making language more logical; what it actually does is to make it mechanical, like a squirrel's chatter. Orwell devotes an appendix to his book in which he impresses on his reader the fact that the debasing of language is the only means to a permanent tyranny. We can no longer change a world like *1984* when the words that express the possibility of change have been removed from speech.

The appendix ends by quoting the opening paragraph of the preamble to the American Constitution, and then seeing how it could be translated into Newspeak. A Newspeak translator, Orwell tells us, could only stare at the paragraph and write down the word "crimethink." Even that indicates that his society is still in a state of transition. "Ultimately it was hoped," Orwell says, "to make articulate speech issue from the larynx without involving the higher brain centres at all." If we know we are in hell we are no longer wholly there: it is our consciousness that tells us where we are, and consciousness is a function of language, not the other way round.

Orwell's central case, then, is that the inner citadel of human freedom is language, and that language is not simply content or subject-matter, such as we have in mind when we say that a speaker "has something to say." The way in which something is said is the reality of that something, and anyone who says "just give the ideas; never mind the words" is taking a step in the direction of the subconscious quacking and barking of Newspeak. We know that this is Orwell's view from his other writings, notably a wonderfully incisive and pungent essay on "Politics and the English Language." So while *1984* is a satire, the position from which it satirizes is the traditional humanist position. Again, *1984* belongs to a specific literary genre, the mock or parody-Utopia. The genre includes, among many others, Swift's *Gulliver's Travels*, which in its last book describes a society in which the horses have taken over because they can talk, while the counterparts of human beings, whom Swift calls Yahoos, cannot talk, and have consequently turned into the most noxious and vicious of animals.

So everything that comes after food and shelter and makes life worth living, Orwell says, is bound up with language. The rest of us simply take the humanities for granted, assuming that they are pleasant but secondary ornaments of civilization. In some ways it is better that this should be thought: it could be an advantage to have the real importance of language overlooked. Yet it is clear that the twentieth century is an age in which we cannot afford to take anything for granted. We have been accustomed to take air and water for granted, but we have managed to pollute both. Another thing we take for granted is compulsory education, which seems to be a benevolent and well-meaning thing for a society to provide. So it is, up to a point. But society supports compulsory education because it must have docile and obedient citizens. We learn to read primarily to read what society says we must read: traffic signs, advertising, labels on merchandise. We learn to count to make change and figure out our income tax. The thought of a citizenry unable to do these things fills us with such panic that we periodically hear complaints that the schools are not enabling children to grow up in a real world, and thus we get such slogans as a "back to basics" movement. The "basics," however, are not bodies of knowledge: they are skills, and the cultivating of a skill takes lifelong practise and repetition.

The simple ability to read, write, and count is essentially a passive acquirement, a means of social adjustment. All genuine teaching starts with this passive literacy and then tries to transform it into an activity, reading with discrimination and writing with articulateness. Without this background, one may be able to read and write and still be functionally illiterate. It is discouraging for a student to find that he has reached university and is still totally unable to say what he thinks.

But by this time an odd kind of schizophrenia has begun to afflict public opinion. However "basic" it may be to read and write, as we go on doing it public opinion begins to push these abilities toward the periphery of society. The humanists find themselves fighting a rearguard action, faced with supercilious questions that take the general tone: assuming that your area of interest is expendable, what are the serious things in society you can attach to it to defend its continued support?

One would assume that the simplest answer would be: people need political and social leaders who can define policies, articulate problems, and express the aims and ideals of their society for those who cannot express them for themselves, though they may feel them very deeply. But the evidence is overwhelming that voters in a democracy want, and expect, bumble and burble from their leaders, and seem to be disturbed, if not upset, by the impact of articulate speech. Without exhaustive examination, I should guess that if we read Hansard we might have to go all the way back to Arthur Meighen to find a political leader who habitually used the language with skill and precision, and the correlation of his ability to speak with his success at the polls seems to me significant, like the similar correlation for Adlai Stevenson in the United States later. There is a story, which I understand to be true, of a late colleague of mine, a professor of English who was private secretary to Prime Minister Mackenzie King during the war. In working on King's speeches, he inserted various quotations from Canadian poets, English and French, touched up clichés with a few metaphors, rounded out stock formulas with more concrete and lively language. These were regularly and routinely struck out. Eventually, the Prime Minister said: "Professor, the public memory for a picturesque phrase is very retentive."

All this is a kind of negative indication of the real significance of what the humanities bring to society. The basis of my approach as a teacher has always been that we participate in society by means of our imagination or the quality of our social vision. Our visions of what our society is, what it could be, and what it should be, are all structures of metaphor, because the metaphor is the unit of all imagination. Logical thinking in this field seldom does more than rationalize these metaphorical visions. Occasionally, we realize that a metaphor is no longer useful, and doesn't fit any more. One such metaphor is that of political and economic structures, including that of government, as machines. We speak of people "running" a business or a department so habitually that we forget we are using a metaphor showing that we think of such things as mechanisms. So anything that symbolizes to us the efficient running of a machine in public life creates a feeling of reassurance in us. When we hear a political candidate talking in a continuous series of uniform burps suggesting a breakfast coffee percolator, our conscious minds may be bored, but our metaphorical imagination feels that, so far, all's well with the world. There would be no harm in this except that I think we are beginning to feel an uneasy sense that social structures are not really machines at all.

It is obvious that social change would be reflected in changes of language but what interests me much more is the reverse possibility: that the teaching of language, and the structures of literature in which language is contained, may foster and encourage certain social changes. Not long ago I was asked to speak to a group of alumni in a neighbouring city, and a reporter on a paper in that city phoned my secretary and asked if this was to be a "hot" item. My secretary explained that Professor Frye was what his late colleague Marshall McLuhan would have called a cool medium of low definition, and that he could well skip the occasion, which he did with obvious relief. The incident was trivial, but it started me thinking about the curiously topsy-turvy world of "news" as reported today.

What would the historians of the future, say of the year 2284, assuming the human race lasts that long, make of the history of Canada in the 1980s? In that remote future, such historians would be puzzled by the exclusion of most news about universities in them. For they would also know that nothing of any historical importance whatever was taking place in Canada during the 1980s except what was happening in the universities, and in certain specific fields outside that were directly reflected in and by the universities. These fields would vary widely: there would be environmental control, related to the biological area of the university spectrum; computer technology, related to engineering and physics; literature and the performing arts, related to the humanities; and so on. If Canadian universities are underfunded so badly that they can no longer function effectively, Canada would disappear overnight from modern history and become again what it was at first, a blank area of natural resources to be exploited by more advanced countries. This is not empty rhetoric: it is a verifiable fact, though I should not care to become known as the person who verified it. What is connected with the universities is what is really happening: the political and economic charades also going on are what are called pseudo-events, created for and blown up by the news media to give us the illusion of living in history. The human lives behind these charades, of people losing their jobs or finding that they can no longer live on their pensions, certainly do not consist of pseudo-events. But they are not hot news items either.

I am leading up to, or circling around, the question: what kind of social authority does language, and the study of literature which is at the centre of language, really have in the social order? Every society, if it is to hold together at all, has to develop a body of concerns, assumptions in various areas, political, economic, religious, cultural, that are generally agreed on, or sufficiently agreed on for members of that society to communicate with one another. As society gets more complicated, various bodies of knowledge appear within it: these bodies of knowledge develop their own authority, and that authority may conflict with the concerns of society. We can see this most easily in the sciences. Galileo upheld the idea of a heliocentric solar system when the anxious of a panic-stricken church were screaming to keep the geocentric one. That meant a conflict of loyalties in Galileo's mind, one to his science and the other to society as a whole.

It is not hard to see this authority within science. It is much harder to see that literature and the arts also have their own authority, that a writer may have to persist in his loyalty to the demands of what he writes even when threatened with censorship or personal persecution. Marxism, for example, when it comes to power in society, simply denies, as a point of dogma, that literature has any authority of its own at all. Literature in a socialist country, it says, should reflect and follow the demands of socialist concern, otherwise it will turn into the neurotic, introverted, decadent, etc., kind of literature produced in bourgeois countries. Christianity said much the same kind of thing in the past, and the Islamic religion repeats it in the present. The United States has no actual dogmas on the subject, but there have been startling outbreaks of hysteria, from Anthony Comstock in the 1890s to his descendants in our day.

There are no easy answers to this problem. For one thing, social concern certainly does have its own case. Nuclear bombs, the energy crisis, the pollution of the environment, and the choking off of the supply of air, all indicate that scientists have a social responsibility for what they do. In literature, too, I think there is such a thing as a moral majority to be respected, even though I don't believe that the people who call themselves that represent it. Once when I was very young I found myself on a train with nothing to read, and in desperation bought a thriller from a news agent. It told me, in effect, that practically all the Chinese in North American cities were engaged in drug-running and in kidnapping young white women.

It would be against the law to distribute such stuff in Ontario today, and I thoroughly approve of the law.

None the less, censorship is practically always wrong, because it invariably fastens on the most serious writers as its chief object of attack, whereas the serious writer is the ally of social concern, not its enemy. I can remember a time when even university professors (not at my college, I should add) would tell their students that D.H. Lawrence and James Joyce were degenerates wallowing in muck. This is not concern for society, but only anxiety directed at token or phony symbols of concern, four-letter words and the like, and its basis is a resentment of the authority that comes from the fresh and expanded vision of the serious writer. The failure to grasp this results in some very grotesque situations: people in Canada snatching Canadian books out of high-school libraries that are read and studied with the greatest enthusiasm in a dozen countries elsewhere.

In society there is a level of anxiety, which is instinctively exclusive, suspicious of outsiders, and distrustful of any new developments from within. By itself, this level becomes a lynching mob, where any clearly defined individual, simply by being that, becomes a marked-out victim. Above this is the level of genuine concern, most clearly represented by the arts and sciences. I say most clearly, because they still attract us after many centuries, no matter how foul the anxieties of the society out of which they emerged may have been. We return again and again with the same shuddering delight, to the opening of *Macbeth*: "Thunder and lightning. Enter three witches," even though we know that these witches were contemporary with the most hideous and pointless tormenting of harmless old women. Perhaps the witches were put into *Macbeth* to amuse King James, who was an ardent and gullible supporter of witch-hunting, but the authority of the play is unaffected by that.

I think Canada is in a unique position from which to study the role of language and the humanities in culture. Its political and economic structures may be in something of a shambles, but its culture, and I speak here more particularly of its literary culture, is flourishing and exhilarating. As we study this situation, we begin to see that two different social rhythms are involved. Political and economic movements tend to expand and centralize; cultural ones tend to decentralize, to bring to articulateness smaller and smaller communities. One has to keep the contrast steadily in mind: if we hitch a political development to a cultural one, as in separatism, we get a kind of neo-fascism; if we hitch a cultural development to a political one, we get a pompous, bureaucratic pseudo-culture.

Some time ago an American official, an appointment of the Reagan administration, remarked to me that he didn't approve of intellectuals in government. Somewhat to my surprise, I found myself agreeing with him, if somewhat tentatively. The social role of creative people, and of most of the group known vaguely as "intellectuals," is at this time probably to create possible models of human behaviour and action. Orwell created the terrible model of *1984* and remarked: "All a writer can do today is to warn." I think writers can do many things besides warn, however important warning may be. Every social change brings opportunities as well as dangers, and there are still a lot of people of goodwill around eager to respond to a more positive challenge than simply "avoid that." But models are one thing, and social machinery is another, and the nervous itch of many intellectuals to help turn the wheels of history, and show that they are of some practical use after all, has produced mainly illusions. This perversion of culture has been studied in a now-famous book, Julien Benda's *Le trahison des clercs*, the treason of the intellectuals. Such people are frequently very vocal in the first stage of a revolutionary situation, and its first victims in the second stage.

It has often happened in the sciences that a new discovery, even a new invention, seems to be of no immediate practical use. But fifty years later, it may turn out to be exactly what that science is then looking for. Similarly, it has been noted many times that what poets have seen in any given period becomes what the whole world is doing fifty or a hundred years later. Among those who have seriously studied our possible futures, we find, apart from those who prophesy tyranny or total destruction, a large number who see our present expanding of political and economic technologies as having reached its peak, and they tell us of a possible world which has become decentralized into smaller units, of the kind defined by a maturing literature. In short, the metaphor of society as a vast interlocking machine may succeed to a metaphor of society as a group of social organisms. At present, it seems that our culture, especially our verbal culture, is all that Canada has to contribute to the world that the world appreciates for its own sake. I have often been puzzled by the intensity of the interest shown in Canadian writing in European and Asian countries whose social conditions are very unlike ours. But perhaps before long we shall see the reason for that interest. If the world really does outgrow its vast jungle cities, its strangling international cartels, and the deadlocked hostility of its superpowers, it may break up into smaller units in which the individual can find once more an identity and a function.

In such a world Canada might gain a quite new significance. In many ways, Switzerland is the model for a peaceful and co-operating Europe, and Canada, ringed around with the world's great powers, is a kind of global Switzerland. Politically, it is constantly falling apart and being patched together by *ad hoc* compromises; economically, it has been trampled over by exploiters from three continents. But somewhere in its literature, its universities, its scholarship staggering and limping under budget cuts, there may be buried the model vision of a new world, where nightmare visions of tyranny and destruction have vanished as even the worst dreams do.

The appreciation of the audience was expressed by John A. MacNaughton, a Past President of The Empire Club of Canada.

JANUARY 26, 1984

Success in American Companies: Lessons for Canadians

AN ADDRESS BY Robert H. Waterman, Jr.,
CO-AUTHOR, *IN SEARCH OF EXCELLENCE: LESSONS FROM AMERICA'S BEST-RUN COMPANIES*

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Reverend sir, distinguished guests, ladies and gentlemen: The quest for characteristics or features of business that make the difference between supreme success and that which is more modest is as long-standing as free enterprise itself. So it is not surprising that there has been great interest in and a most favourable response to the book *In Search of Excellence*, in which Robert Waterman and Tom Peters write about lessons from America's best-run companies.

In carrying out the study for this book, Messrs. Peters and Waterman clearly learned from their work. For not only is their book a study of and commentary on the characteristics of excellence – through its own success, it is itself an example of excellence. First published fifteen months ago, it received extremely favourable reviews and as a result of the strong interest in it, the millionth copy of the book rolled off the presses last September and it is now in its forty-third printing. This makes it the second-fastest-selling non-fiction hard-cover book in United States history, topped only by Alex Haley's *Roots*. In Canada, it has been on the non-fiction national best-seller list for forty-eight weeks, and over sixty thousand copies have been sold, which is easily a record for any business book in Canada.

Bob Waterman is a director of McKinsey and Company, management consultants, in San Francisco and has been with that firm for some twenty years. Prior to joining McKinsey, he obtained a degree in geophysical engineering at the Colorado School of Mines and an M.B.A. at Stanford. He also obtained experience as a physicist at Marathon Oil Company, as a salesman at IBM, and as a research economist at the University of Denver Research Institute. Since joining McKinsey, Mr. Waterman has gained experience in Australia, Japan, and Switzerland, and has led McKinsey's Organization Effectiveness Practice in San Francisco. Research for *In Search of Excellence* began in 1978 and included a study of forty-three model American companies.

While Mr. Waterman notes that there are culturally driven differences between Canada's excellent companies and the ones studied by him and Mr. Peters, what strikes him the most is the depth and breadth of the similarities. It is with this parallel situation in mind that it is particularly interesting for us to be addressed today on the subject, "Success in American Companies: Lessons for Canadians."

I am most happy to welcome Mr. Robert Waterman.

MR. WATERMAN:

Mr. Chairman, ladies and gentlemen: The chief executive of IBM not too long ago said in a speech that the only thing we have to fear is arrogance, and I suppose with the success of *In Search of Excellence* I have a little bit of the same fear myself. But my family keeps me humble. Just last week I was skiing in Vail, Colorado. Following my son down the mountain, I picked up this cut on my head that perhaps you still can see. Blood was pouring down my head and I was feeling rather sorry for myself, and I thought that my son would have some sympathy – but instead, all he said was, "Getting old isn't for sissies, Dad!"

The one who really keeps me in line, though, is a guy named Bob Notes, who runs a bookstore in Burlingame, California, near where we live. He's a down-east personality from New England, sort of dour. I buy a lot of books from him and he's a "literary" sort of guy, so when Tom and I began writing the book I went down and told him. He looked at me with something that approached horror on his face and he said, "You'll probably fail, Bob – most authors do." I didn't know quite how to deal with that so I didn't say much. A couple of weeks later, I was back in his shop and it occurred to me that maybe he hadn't really understood, so I said, "You know, this book is being published by Harper and Row, and they're a super publisher," and he said, "They have their share of failures just like everybody else." So I avoided him for a long time, and after the book was published and hit fifty thousand copies in print about this time last year, I went to see him with the thought that he couldn't fail to compliment me. So I went down and he said yes, he already knew, but was I aware that "in this business, if we don't sell them, we can send them back?"

That's not the end of the saga. When it did hit the *New York Times* best-seller list, I rushed down with the clipping. I guess I didn't know my man because all he said to me was, "Have you read Jim Fixx's book?" I said, "You mean *The Complete Book of Running*, of course," and he said, "No, no – Fixx was just like you," and he thrust a book called *Jackpot* into my hands and said, "This is his *next* book and it's all about how writing a best-seller messed up his life. Read it and watch your manners."

I'd like to cover two topics with you today. We're often asked, "Which is the most important of all the attributes you talked about – what's the secret of excellence?" and "How do you move toward excellence?" Regarding the first, I'll tell you the secret in one word. And I'll share with you some thinking we've been doing recently along the lines of moving toward excellence.

The secret of excellence is fairly simple. If you look carefully, what clearly distinguishes the excellent companies from the rest is, in a way, nothing more than simple courtesy. And they demonstrate this courtesy in at least three ways.

They listen to their people; they listen to their markets. I ran across a nifty example recently. Have you heard of the Boker knife? It's a high-quality sports knife with a small share of the market. The manufacturer was almost going to drop the brand but decided to give it one last shot. The company's marketing people couldn't afford much in the way of market research or sophisticated focus groups or anything else like that, so they simply went out and talked to sportsmen – and they listened very carefully. What they discovered was that sportsmen tend to develop a sort of mystical attachment to some piece of equipment – a fly rod or a rifle or (in my own case) a reel. And they found that people like to tell grand stories about that favoured piece of equipment – in fact, they found that their potential market consisted chiefly of notorious liars. The first guy they encountered said, "This knife is so good that whenever I want to make French fries, I just put that knife open in the glove box of my pick-up together with a bunch of potatoes, and I drive across a rocky road in second gear – but for hash browns, of course, you'd use third gear." Another guy said he was whittling one day, and a horsefly landed on his knife hand, and he shooed it away and then he said he looked down and saw that critter walking away in four different directions. Still another character wrote in and said that the way he tested the hone on his Boker knife was to set it on edge, put a dollar bill on top, and watch gravity cut it in two.

Well, they ran a print advertising campaign entitled, "In every lie about the Boker knife, there's a little bit of truth." They simply printed these outrageous stories, and in about a year their market share had doubled and profitability was up about 300 per cent and it's still climbing.

The story itself may be trivial, but the important point is: They went out and listened very carefully to what their market had to say, and did something creative with that information. On a grand scale, it is precisely what Procter & Gamble did when it became the first company in the United States to put a toll-free telephone number on its packaging. They received something like two hundred and fifty thousand phone calls in the first year alone – to each of which they responded. They reported these calls in board meetings, and out of them came a lot of new product ideas. Or here's another example: I was flying back from Chicago not long ago, and the fellow sitting next to me on the plane was John Young, the chief executive of Hewlett-Packard. I asked him what he was doing in Chicago, and he said the company had been having some difficulty with its office automation product line and so he'd gone out to listen to customers to find out why.

These companies listen to their own people, too. In this year's annual report Procter & Gamble boasts of achieving $900,000,000 in cost savings. Where did that come from? From the ideas of twenty-five thousand employees. What they've done is listen very carefully to their employees. It's like Toyota getting something like eighteen suggestions per worker per year, 90 per cent of which the company acted upon. Where we could get some statistics, it appeared that similar American companies generate one suggestion per year for every three workers, only 30 per cent of which the companies typically act upon. It's rude.

Flying back to Atlanta from Denver not too long ago, I was talking with some Delta employees about how they feed ideas into the system, and one flight attendant replied, "It's fairly simple – we fill out flight reports." I said, "Everybody does that. What's different about Delta?" Another employee in the discussion, one who had worked at another airline, said, "The difference is obvious – at Delta, the supervisor always responds." She said that at her former airline there would never be any response. No one took the reports very seriously and no one bothered to put in any suggestions. The excellent companies, by contrast, pay very careful attention. And when you think about it, it's just plain courtesy.

Many of you are familiar with the Hawthorne experiments that went on a long time ago at Western Electric; they examined the impact of work conditions on productivity. When they'd turn up the lighting, productivity would go up; and when they'd turn the lighting down, productivity would go up. I believe the reason is simple – it isn't work conditions *per se* that matter; it's the fact that somebody is paying attention. The researchers were paying attention to the workers; of course productivity would go up.

When we were conducting our excellent-company research, we saw little signs posted everywhere at Hewlett-Packard saying "MBWA." When we asked the obvious question, we were told that the acronym stands for the company's management philosophy – "Management By Wandering Around." It's very important in the Hewlett-Packard culture to get out of the ivory tower, we soon learned – to get down to the shop floor, out into the marketplace, to talk with people and find out what they think. We thought at first that maybe this was unique among the crazies of Silicon Valley, but as time went on we found it to be common throughout most of the excellent companies. Here, it's Tom Bata, wandering around – in his case, wandering around the whole world – looking for opportunities, talking directly to workers in the marketplace. It's Ray Kroc of McDonald's; it's Robert Anderson of Arco, wandering around the world looking for drilling opportunities. It is getting out to the relevant constituencies in the marketplace and onto the shop floor, finding out what's *really* going on. And when you think about it, it's simple courtesy.

One of our clients wasn't getting the kinds of line extension it felt it should. Research and development productivity was way down. In the first paragraph of my first report soon into the study, I made the observation that top management simply wasn't taking line extensions seriously at all. The managers balked at the charge; I told them, approximately, "Look, you *tell* everybody you're serious. Your strategies sound serious. You've hired us. But on the other hand, all your behaviour says you're not serious. You never go to the R and D facilities. You treat the R and D people as if they're weird because they look and they dress funny, and say funny things. You avoid them. All the signals you're sending out – which is what people really believe – say that you're not taking them seriously. You don't pay any attention to them and then you hammer them for not developing products." When you think about it, that's rude, too.

They don't serve or sell us *junk*. You probably all have your own favourite stories. Mine centres on a slide projector my wife Judy gave me for my birthday. (I like to take slides and bore my friends.) I pulled it out of the box and there was a big scratch on the case. I took it back to the store and said I'd like one without a scratch. The guy looked at me and said, "Well, it's not such a big scratch," and I said, "To me it is." He said, "Well, you'll probably scratch it anyway, won't you?" and I said, "Probably, but I'd like it to be my own scratch." He said, "It works, doesn't it?" and I said, "I don't even know." He said that if he took it back to the manufacturer just for being scratched, they would laugh at him, and I said that was their problem, and he said, "I can't do it," and we kept sparring. By the time my wife finally intervened and got us settled down, I'd escalated it to global terms and was talking about Japanese competition and so on. Ultimately, we did get another projector, but if it's really true that the manufacturer would have ridiculed the dealer for returning an imperfect piece of merchandise, it's another example of rude behaviour. It's a sad comment that when we get good service and quality, we're astonished.

In the excellent companies, by contrast, you find extraordinary service, extraordinary quality, or both. Take products that ought to be commodities in a purely economic sense – potato chips or toilet paper or soap or fast hamburgers, for instance – and ask why Frito-Lay and Procter & Gamble and McDonald's get much higher margins than the competition. Is it their marketing power? No. Rather, they offer unusual service, unusual quality, unusual reliability. It is as simple as that – and as complex as that. *Vis-à-vis* us as consumers, it's just plain courteous.

Robert H. Waterman Jr., Co-author of *In Search of Excellence*

But how does a company actually move toward excellence? It's a topic we haven't researched in great depth yet, though Tom Peters and I plan to. My belief is that it takes a long time to bring about change in large organizations, or even in small ones. What I've done is look for examples of companies that hadn't been doing so well in something or other and then suddenly turned it around and began doing quite well indeed. I have in mind specific examples from industries as diverse as mining, manufacturing, and banking.

If you look at the way any of these change programs began, you find precisely what I was talking about earlier – a great deal of wandering about on the part of top and middle management. They are doing something that Hal Leavitt of Stanford calls problem-finding. He points out that experienced people, people who know a business really well, can usually sense opportunity and smell trouble *if* they simply get out into the field and look and observe.Tony Athos of Harvard points out the same thing. It's because of the experience base that you can do that. Inside McKinsey, I see our better problem-solvers doing it too. Basically, you're out there, wandering around in a field that you know, asking yourself the same questions: What doesn't make sense? Why?

That's where all the exciting ideas seem to come from, and that's the real value of experience in business. *In Search of Excellence* discussed the limitations of analysis, and I think those limitations are partly a consequence of jumping to conclusions without having formed interesting hypotheses; and the reason people don't form interesting hypotheses is that they don't go out and look. Another part of the reason is that during the past twenty years or so, our culture has been so youth-oriented that we've tended to downplay the value of experience and play up what youth does so well, which is analysis. I don't think youth does this wandering around particularly well, by the way, because youth lacks the experience base.

The second critical dimension of every successful change program I've seen is analysis. If *all* you do is wander about, your decisions will all be made necessarily by the seat of your pants. It is equally important to do some objective testing to find out whether your hunch is really right. For example, in the case of the bank to which I alluded, wandering around told us that employees in one of its two major cities weren't nearly as concerned about the bank's declining share of the market as their counterparts were in the other major city. It took analysis to show us that the whole market share loss was in one city, and, in fact, only in certain branches in that one city. The bank was in fact gaining market share in the other city. The point is that numerical analysis is important, but it is important as the second step, not the first.

The third important ingredient in a successful change program is the ability to create a sense of urgency for change. This, I think, is the real function of leadership, and too often it is ignored. In our Canadian clientele as well as in our American, too many companies wait to change until economic crisis is just around the corner. When we look closely at our Canadian and American excellent companies, we see leaders who anticipate change in the environment and who create a sense of urgency before a crisis ever occurs. The reason this is so important is that organizations, just like people, are creatures of habit. People get comfortable; so do organizations. We're apprehensive about change. We're inclined to confront it only when we have to, when we finally perceive that the world out there is changing, and that we must, too, whether or not we like it. It's the function of leadership to create that sense of urgency in the organization, to break old habit patterns, form new ones. Otherwise, things just don't change. But why don't leaders do this more routinely? Often, life has become just too comfortable for them, too. By the time you've made it to the top, you have only a few years to go; change is a lot of trouble; it's easy to pass on most problems to your successors. I think leaders who aren't creating that sense of urgency aren't doing their job.

The fourth characteristic of a successful change program is subtle – the fact that change is probably made up of thousands of little things done differently, rather than a few major shifts. In writing the history of change, we like to tell stories about a few signal events – mine about the Boker knife, for example – because they make good stories and they're fun to write and talk about. But I believe we kid ourselves if we think a few big hits are going to make the difference. I really cottoned onto the importance of doing thousands of little things differently when I was working with a group of young engineers in a particularly innovative company. I divided them into six groups, assigning a single element of organizational effectiveness to each – "structure" to one group, "strategy" to another, "management style" and "corporate culture" to yet other groups, and so on. Their assignment was to spend forty minutes preparing an argument to prove to the rest of the group that their element of organizational effectiveness was the most important in explaining why the company was so innovative. When they came back, the expected happened, that is, they convinced one another that all the elements were important. What also happened, to my surprise, was that when these youngsters came back, they had generated fifty or sixty ideas per group, about three hundred in total, to explain why the company was so innovative. Next, they divided themselves up to examine something at which the company was *not* very good – and they could only come up with five or six items in all. The message was, clearly, that the reason organizations are good at some things is that they do thousands of things well, even at some fairly minute levels. And when things don't change, a big part of the reason is that management doesn't appreciate just how much it takes to do things differently.

The fifth point in moving toward excellence is the importance of involving lots and lots of people. In each of the successful change programs I've talked about – and this is, I believe, one of the reasons the Japanese are as successful as they are – people all the way up and down the line were involved. It's not just a matter of management's making a crisp decision, articulating a strategy, and firing the starting gun. It seems obvious – why shouldn't the people who are going to have to help implement a decision be involved in making it? It also seems clear, looking again at that nine hundred million dollars in cost savings at Procter & Gamble, that you get a lot of creativity out of involving people. Why isn't it done more often? Well, it's a messy process. People have the unfortunate tendency to come up with ideas of their own – the more people you get involved, the more ideas there are, and the more argument goes on. It takes a lot longer to make decisions that way. The purity of your original premise gets all messed up along the way because people mingle their own ideas in the pot with it. On the other hand, once the decisions are made, implementation happens very fast because all those people who were involved are now committed to it – the ideas are theirs, and they recognize them.

A related notion is the need to view leadership as guided autonomy rather than as control. We talked a lot in the book about autonomy and entrepreneurship. In exploring the topic of productivity through people, and the reasons some companies don't achieve it, we found productivity efforts getting started and then being squelched. What happens – and it happens a lot – is that management or top-line supervisors are really interested in power and control, and this substantially outweighs their interest in productivity. David Bradford, a researcher at Stanford who has written about this phenomenon, calls it the "heroic model of leadership." He says a lot of us have the notion that, somehow or other, if we're in charge of something, we should be able to solve problems far better than anybody else in our department. As satisfying as that model may be to those of us who carry it around, it is very frustrating for those who work for us, and it doesn't generate productivity. Bradford then articulates his model, which is very much the same as our concept of leadership as guided autonomy, rather than as control – setting up the broad boundaries for change, then letting people all the way down the line get a piece of the action in the change process.

I'll touch very briefly on the last two components of moving toward excellence, both of which should be self-evident, but which often aren't. One is the importance of follow-up. Change programs take years – and managements don't typically follow up, at least in my experience. They get bored and move on to the next priority. I received a letter from the United States Secretary of the Army not too long ago, who wrote that he had liked the book and that the Army had adopted "Excellence" as its theme for the year. (I'm worried about that!) You can't change that quickly. Where you see real change occurring, you'll also see follow-up.

The last point, almost but not quite a throwaway, is that success breeds success. If people feel like winners, they probably will win. If they feel like losers, that may be self-fulfilling also. When you're changing things, you're almost inevitably entering new and often scary territory, and you're apt to come up against a lot of failures. It's important for leadership not to dwell on the failures, but to look for and applaud the successes instead. Reinforce those and a change program will work much better and much faster. I think that one important reason the excellent companies are as excellent as they are is that they have been successful and they reinforce that mentality.

And right around the corner from that is arrogance – and to get yourself calibrated again, you've got to come full circle and wander about and ask the customer how you're doing.

Thank you very much for your attention, and for the honour of inviting me to visit with The Empire Club of Canada.

The appreciation of the audience was expressed by H. Ian Macdonald, a Past President of The Empire Club of Canada.

FEBRUARY 2,
1984

A Conservative View of Civil Liberties

AN ADDRESS BY June Callwood, O.C.
COLUMNIST, CIVIL LIBERTIES ADVOCATE,
AUTHOR, AND HUMANITARIAN

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Ladies and gentlemen: It is an interesting exercise to focus on how best to describe a person in one word, and still capture the essence of that person and what he or she stands for or has accomplished. For instance, today's guest speaker has been involved in a wide variety of activities for many years, including being a newspaper reporter and columnist, a freelance journalist, an author, a TV host, and a driving force behind numerous volunteer organizations. Yet, if one looks at all of these activities, there is in fact one common underlying theme, and this is an interest in and concern for people, particularly those most in need of assistance. It seems to me the essence of June Callwood is "humanitarian."

June Callwood started her career as a newspaper reporter and quickly, this job grew to include a wide range of other activities. For instance:

- She has written seventeen books, including *Love, Hate, Fear and Anger* in 1964, *Canadian Women and the Law* in 1973, *The Law Is Not For Women* two years later, and *Portrait of Canada* in 1981. Next fall, a new book will be published. Its title is *Emma – The Improbable Spy*, and it is about one of the people exposed by Igor Gouzenko.
- In the sixties and seventies June was a host on such television and radio shows as "In Touch," "Generations," "Court of Opinion," and "Human Sexuality."

- She has written numerous articles for such magazines as *Maclean's* and *Chatelaine* and has been and is currently a columnist for *The Globe and Mail*.
- She has not merely lent her name to new projects, but has been a leader in getting them off the ground and seeing that they succeed. To mention only a few, she was a founding member of the Canadian Civil Liberties Association, the Writers' Union of Canada, Nellie's Hostel for Women, Amnesty International, Justice for Children, Jessie's Centre for Teenagers, the Periodical Writers' Association of Canada, and Women for Political Action. In almost all of these organizations and in others, she has served in senior executive roles, usually at some stage chairman or president, making certain that they operate successfully.
- Of course, for most of us this would take 150 per cent of our time. However, June has done these activities on top of the responsibilities of a household of a husband and four children.

As you can see, the common theme running through all of this, as mentioned a moment ago, is a deep concern for people. It is not surprising that she has received a number of awards, including the Humanitarian Award of the Canadian Council of Christians and Jews and being made a member of the Order of Canada.

You will recall that last December we were addressed by Solicitor General Robert Kaplan on Canada's proposed Security Agency. Throughout the discussion of various drafts of the proposed legislation, June Callwood and the Canadian Civil Liberties Association have been active in making certain that our rights as individuals are appropriately considered.

June's involvement in the Civil Liberties Association goes back some twenty years and she has been Vice-President since 1965. It is this involvement and concern for individual rights that make her so well qualified to address us today on "A Conservative View of Civil Liberties." Please join me in welcoming June Callwood.

MS. CALLWOOD:

Mr. Chairman, ladies and gentlemen: Everyone's concept of civil liberties is individual and homemade. The answers to the key questions of where the right of an individual to be difficult must give way to the right of the state to operate a coherent society, and where the state's understandable preference for serenity must yield to the quirks of its citizens are thorny ones. We resolve the dilemma with more than reason. Our reactions are complex mixtures of our early values system, our adult experiences, and some reflection. Very often, our view of civil liberties is shaped primarily by something in our Canadian bones. That gut reaction, a conservative reaction, is what makes us a distinctive people. We are not Americans who happen to have drawn the worst climate and geography; we are a different people, and this is nowhere as apparent as it is in the area of civil rights.

The pattern in Canada when a civil liberties crisis erupts is a rhythmic response. The first organ sound is a celebration of approval for the government and the police who have behaved ferociously to end the crisis. The second sound, much delayed and a bit ragged, is to question whether the government and police did indeed behave well, and very often to conclude that they did not. Both responses, oddly enough, come from the same source: the bedrock of conservatism on which the English-speaking portion of this country was founded, and which has been the bulwark which has kept the United States from its manifest destiny for more than two hundred years.

There is probably no other democracy on earth that would have supported so enthusiastically the War Measures Act of 1970, when the civil rights that knights obtained seven centuries ago at Runnymede were stripped from almost five hundred people because two men had been kidnapped in Montreal. And what other democracy has as its national symbol a police force – the Royal Canadian Mounted Police – and does not appear to be unduly dismayed that this police force falsifies documents, commits burglaries, steals dynamite, collects files on eight hundred thousand citizens – one file for every seventeen adults in the country – and spreads lies about the mental health of Canadians the police don't happen to admire?

On the other hand, if the country is as blindly trusting of authority as it appears to be from these examples, why is it that use of the War Measures Act is now largely discredited? Why did the Canadian Civil Liberties Association receive such widespread support for its petition asking police to obey the law? And why did the secret service bill which Robert Kaplan presented last summer run into a hurricane of resistance to its proposal that Canada should have a secret police force with unlimited powers accountable to no one?

There is a paradox at work. There is consistency in what seems to be inconsistency. It is a sense of decency and fairness that brings Canadians home to the centre, despite flurries of autocratic zeal. In my view, we have been misled for two hundred years by the kind of conservative extremism that the Loyalists advocated because of their terror and rage at being uprooted and thrown into the wilderness by the American Revolution. The War of Independence of 1776 did not create one nation, the United States of America; it created two, and the other was Canada. One side of the border celebrated individualism and got with it enterprise and stagecoach robbers; the other side of the border, out of necessity, celebrated the military model of reflexive obedience to authority and got with it branch plants and safe streets.

The Tories, the Loyalists who fled that revolution and created two new colonies, New Brunswick and Upper Canada, found nothing to admire about American liberty. In the name of freedom and civil rights, they had experienced mob violence which stripped them of their freedom and civil rights.

In early Canada, the word "liberty" was seditious. With Americans rattling their sabres along the border, and not infrequently invading, it was understandable that notions of the state protecting diversity would find little support. Tories had

June Callwood,
Writer and
civil liberties
advocate

endured an excess of speeches about the nobility of the common man; the eternal vigilance they vowed was not at the altar of freedom but on the barricades where upstart common men could be drenched with burning oil.

We can respect those early Canadians. We can admire them and be grateful to them because the border did hold throughout the years of challenge. But it is time to say that their values were distorted out of imperial necessity. Real conservatives of their day protected diversity – New York was one of the most polyglot cities on earth – and respected dissent. Their convictions about the usefulness of a strong structure flowed from their belief that freedom could flourish better within stability than amidst chaos. We bear the legacy of radical conservatism, pushed to the wall by the atrocities of the American Revolution, and we must gently restore the fundamental principle of conservatism, which is that the responsibility of a strong state is to protect minority opinion and not to destroy it.

Deep within the plates of rock that support this country, there are small, sighing shifts. The new Charter of Rights and Freedoms has created few changes in law or the interpretation of law because of the higher courts' fondness for status quo decisions, but something is happening within us all. There is an attitudinal change, a spunky scepticism of such traditional tenets as "Might is right" and "The end justifies the means."

If we now entertain some cynicism about the nobility of the Royal Canadian Mounted Police, we can be sure that it can only lead to improvements in leadership and training within the force, and will not expose the settlers of Medicine Hat to invasion by the United States cavalry.

If we think it excessive for the Attorney General of Ontario to suggest that blood will run on the streets if illegally obtained evidence is not allowed in court, it may follow that our splendidly equipped, well-disciplined police, employing the generous powers accorded them, will be able to combat crime without becoming criminals themselves. Respect for the law can only be improved if our police behave as well as they rightly insist that we do.

Cautiously, as befits our Canadian way, we are venturing into areas where we once feared to tread because we didn't believe that the country could survive. The ruthless practices that the state ordered against the peaceful demonstration in Winnipeg in 1919, in Regina when the jobless were on a protest march in the thirties, in Quebec's Padlock Laws of the fifties, all were measures of a state that was unsure of the loyalty of its citizens, a state so immature as to react violently at the slightest criticism.

We do not live in a house of cards. We are ready, at last, to tolerate a measure of quirkiness, of perversity even. A handful of loony racists in our midst is not a threat; racist organizations in Canada do not flourish. A demonstration against the cruise missile testing or the shortage of day-care spaces for children of the poor will not destroy our equilibrium. I might even venture to say that gay men may be permitted to bathe in private without the necessity to mount the largest police raid in recent history to make sure they rinse the tub.

We are developing a faster reaction time to autocratic measures. For instance, few Canadians thought it was reasonable that a man should be acquitted of the same offence *three times* by a jury of his peers but should be sent to prison anyway, as happened to Dr. Henry Morgentaler. Most people, I suspect, also feel that a person who detests the metric system should be able to say so, but a civil servant whose job did not involve any application of metrication lost his job some time ago.

Civil liberty issues are difficult. They are rarely as black and white as those examples. They involve the balancing of two rights which are in collision. Oliver Wendell Holmes declared sternly that freedom of speech does not mean freedom of the speech with which you agree. If that were so, there would never be any question about it. That is the kind of freedom of speech found in, say, the Soviet Union. The freedom of speech which really matters, that which marks the health and vitality of a nation, is the freedom of speech with which the majority profoundly disagrees. That is where protection of those freedoms is highly unpopular, and where prohibitions against them will win votes. It takes moral courage to defend the rights of villains, but if we do not, there is no defence for the rights of saints either.

What do we do about a nut who cranks out pamphlets outlining his theory about a Jewish-Communist conspiracy to take over the world? Or the man who wants to look at a videotape depicting a woman being mutilated? Or a member of a Jehovah's Witness sect who would rather die than accept a blood transfusion? Some individual liberties quite properly must yield to the imposition of control in the interest of common good. A factory owner cannot operate a dangerous workplace, for instance. We have accepted a high degree of regulation but it does not follow, as the night the day, that all regulation which purports to be in our best interests should not be examined critically. The excellence of conservatism lies in its fairness.

Let me cite a contentious example, our abortion laws. There are two clear choices: one is that all abortions should be against the law and the other is that abortions should be permitted. Some years ago, Parliament tried to find a weird position between those two clarities: abortions are legal under certain conditions. They must be done in hospitals and approved by hospital committees. What has happened is that there are 1,348 civilian hospitals in Canada but only 271 of them have committees. Of these, 17 per cent have never approved an abortion. A further 33 per cent approve fewer than fifty abortions in a year, some as few as one. As a result, millions of Canadian women live in areas where abortions are not available. That's patently unfair. Implementation of legislation should not depend on accidents of geography.

Obscenity laws are intrinsically unfair. The present clauses in the Criminal Code describe as criminally obscene a number of portrayals of sexuality in what the law calls an "undue" degree. It has taken our courts about thirty years to come to a rough, uneven, mystic consensus about what "undue" means. Recently, Judge Stephen Borins startled that consensus by deciding, quote "the standard run-of-the-mill sexual intercourse," end quote, which he described as cunnilingus, oral and anal sex, and lesbianism, did not offend "community standards." Masturbation, however, does offend community standards except in Manitoba, where the Faculty of Medicine of the University of Manitoba was permitted, after an initial dispute with customs, to import a sex-therapist training film on masturbation.

An analogy would be if we decided that the country was losing credibility because so many Canadians wore silly hats. Moreover, a number of studies would be produced to demonstrate a correlation between the wearing of silly hats and silly behaviour. Accordingly, the Criminal Code would stipulate that hats which are unduly silly and offend community standards are contrary to the law. Police and courts then would busy themselves with trials featuring as exhibit one an allegedly silly hat. Expert witnesses would assemble and declare on one hand that the hat was not a bit silly and on the other that it was. An underground of banned hats would spring up. As Judge Borins observed himself, the obscenity laws are the only ones on the books in which a citizen doesn't know he or she has broken the law until the judge says so.

As a further reflection on the pitfalls of legislating in matters of moral choice, we have the Ontario Film Censor Board which operates in a star chamber, blissfully immune to the vagaries of the Criminal Code. We do not have prior restraint in any other area of our society, as lawyer Ken Swan pointed out in court this week, not even in an area so vital to our well-being as national security. Why are we doing this to films which can be restricted for adult viewing? We see today a strong movement to extend the obscenity laws and the powers of provincial censor boards. The rationale is that men become violent when they view violence. I assume we will be consistent: contact sport also will be banned; let us have no more gory Shakespeare or news footage of corpses in Beirut. Once all that is sanitized, men will be as docile as lambs.

My point is that laws must control what people do, not what they might do. We do not, for instance, prohibit the sale of high-speed cars on the grounds that people will break the speed limits if they own one.

In contrast, there was a Supreme Court of the United States' decision during the Vietnam War, when a schoolteacher in the Midwest was fired for wearing a black armband in the classroom. The court ordered him reinstated under the provisions of the first amendment guaranteeing freedom of speech and noted: "The will of the transient majority can prove devastating to freedom of expression."

I need not remind this audience that the single most distinctive difference between a totalitarian society and a democracy is the existence of freedom of speech and the right to dissent.

Freedom of speech can be a mockery, however, in the absence of a government which is open and accountable to the electorate. We have in the federal Liberals and the Ontario Conservatives two secretive governments whose freedom of information legislation is dedicated to concealing information. We also have, in the Official Secrets Act, which was amended forty years ago to bring it into the nineteenth century, an instrument of stupefying power. It belongs in a medieval museum and not in a country which is one of the soundest democracies on earth.

The rebels of 1776 took the idealist view that people are essentially good and noble and should be unfettered. The conservatives who reacted against that vision declared that people are innately evil and unpredictable and therefore require severe restraint until after they are long in their graves. We are gradualists, so today we have a glorious opportunity to find the sane middle between those positions. A conservative interpretation, one based on justice and fairness for all, is beginning to grow. This country is not destructible unless we lose our nerve, sink back into severity, and destroy it ourselves with narrow righteousness.

The appreciation of the audience was expressed by Jean Casselman Wadds, a Director of The Empire Club of Canada.

FEBRUARY 9, 1984

The Canadian Economy: Trade and the Auto Industry

AN ADDRESS BY Robert White
DIRECTOR FOR CANADA AND
INTERNATIONAL VICE-PRESIDENT,
UNITED AUTOMOBILE WORKERS

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished Past Presidents, members, and guests: In view of the adversarial role that almost inevitably exists between unions and management, it is unusual for those most directly involved in negotiations to escape the ire of their counterparts on the other side. Yet, in spite of obvious differences of opinion as to principle, today's guest speaker is admired by his union members for tough stands taken in their interest, which is not surprising, but what *is* surprising is that he is a person highly respected and even applauded by those in management who have dealt with him. "Open and straightforward," "pragmatic," "like a breath of fresh air" – these are phrases used by senior executives of auto companies when asked to describe Robert White. Admittedly, these viewpoints were not expressed in the heat of negotiations; and yet, negotiations with Mr. White, though tough, are far less likely to get heated than one might expect. Wilfred List* has described him as being cool, seldom fazed, invariably soft-spoken, and articulate.

Bob White has spent virtually all of his career to date on behalf of the United Automobile Workers. He started in

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*Wilfred List is a labour journalist for *The Globe and Mail*.

Woodstock, first as a shop steward in a woodworking firm when only sixteen years of age, and took on increasingly demanding responsibilities until joining the UAW staff in 1960. In 1972, he became assistant to Dennis McDermott and in 1978, when Mr. McDermott retired from the UAW to head the Canadian Labour Congress, Robert White, at the age of forty-three, was the obvious choice as his successor. Thus, he became Canadian Director of the UAW and a vice-president of the International Union.

Since that time he may well have wondered about the wisdom of his timing. In addition to auto workers, the UAW Canadian branch membership of one hundred and twenty thousand includes employees in the farm implement and other industries. To be confronted with negotiations on behalf of members with Chrysler, Massey-Ferguson, and White Farm Equipment in the midst of such a severe industry downturn, must have challenged even his ability to stay cool.

And it is unlikely that the path ahead is straightforward. The UAW is on record as having plans to fight for a shorter work week in negotiations with Ford and General Motors later this year; this, at a time when some question the cost-competitiveness of the Canadian automobile industry, and when Mr. White has been tilting at our international trade minister for letting too many Japanese cars into Canada.

Mr. White, we were delighted when you agreed to address our members, and we look forward now to your address on "The Canadian Economy: Trade and the Auto Industry."

MR. WHITE:

Mr. Chairman, ladies and gentlemen: Canada, economists tell us, has now left the recession, and has entered the recovery stage. Any signs of a recovery are, of course, welcome – even if opinions on its duration are mixed. I do not want to debate here the questions of how fragile or how long-lasting this recovery will actually be. What I do want to emphasize is the frightening number of individuals and families who have been excluded from this so-called "recovery."

Imagine if, at the beginning of the seventies, someone had predicted a sustained period of double-digit unemployment in our society. Along with any such prediction there would have been a scenario of widespread social unrest, and a consensus that such blatant waste and widespread denial of opportunities would have threatened the legitimacy of the social order. What was unthinkable a dozen years ago is the reality today. And what would have been a cruel joke then is a tragic fact today: one and a half to two million people cannot find full-time jobs, no one sees significant improvements down the road, but we do hear this period defined as a "recovery." The fact is that if we compare this "recovery" to past *recessions*, the unemployment rate today is *higher than it has been in any recession in the past four decades!* Turning from the present to the future does not lead to any justification for optimism. Working people want to know where future jobs will come from; our society has given no adequate answers. We *must* make jobs this country's number one economic priority. And we must do it *now*.

In the early seventies, we were told that the key to jobs and long-term security was high corporate profits. Between 1970 and 1974 profits increased by 138 per cent, but working people were singularly unimpressed as these higher profits were also accompanied by the greatest outflow of capital we had experienced to date. In fact, by the mid-seventies, we were told that the situation was now so severe, in spite of those earlier profit increases, that it was necessary to introduce wage controls and severely limit the most basic function of trade unions. Again, the rationale was that this would lay the basis for structural changes and long-term prosperity. And again, the actual result was rising unemployment through the period of controls and, soon thereafter, the deepest recession since the thirties.

During the seventies we saw a re-emphasis of a theme that has always been a fundamental part of Canada's strategy for prosperity: resource megaprojects and the expectation that they would somehow lead to positive spinoffs in the manufacturing sector. But no such manufacturing base has emerged:

- We still don't produce the *machinery* that is used in the resource sector;
- We haven't increased our degree of domestic *processing* of resources into manufactured goods;
- *Profits* from the resource sector have not found their way into investments in the manufacturing sector.

Such resource dependency has left Canada, and especially certain communities, extremely vulnerable. On the one hand, it is generally conceded that there will be few or no *new* job opportunities in this sector; on the other hand, the concentration on resources means that we do not have the necessary facilities, machinery, tools, and skills to provide the flexibility which is so fundamental for diversification.

Another perspective that dominated business and government strategies in this period was the monetarist emphasis on inflation. Underlying this view was the argument that the recession was necessary to cut the fat in the economy, thereby making us more "internationally competitive." The tragic social costs of this policy approach have been well-documented, but even in narrow economic terms, this program has *not* succeeded in its stated objective for the following reasons:

1. Because we do not have a strong manufacturing base, getting rid of the weak and leaving the market to the strong simply meant letting *domestic* corporations die, and increasing imports from *foreign* sources.
2. Since other Western economies pursued similar strategies, Canada's *relative* competitiveness didn't advance. And especially important, as each of these countries allowed their own economy to stagnate, there was less worldwide demand for goods. A deeper recession throughout the Western world was the not-surprising result.
3. The *depth* of the recession (worldwide and domestic) meant that more than just the weak firms and facilities were cast aside – many potentially viable companies were also destroyed. And many of those that did survive remained cautious with regard to their future investment plans, thereby seriously affecting our future output potential. The legacy of

> this is that, even during this present so-called "recovery," capital spending is expected to remain flat even after the depressed levels of last year.

Let me turn now to the buzzwords of today; they do not differ fundamentally from what we have heard over the past decade:

- we must become "internationally competitive," develop our "export orientation," secure "free trade," and move to "high tech."
- we must strengthen the "investment climate," "restrain" social services and wages, and improve "labour-management relations."

In commenting on these slogans, attitudes, and policies, I want to use the auto industry as an illustration to make the discussion more concrete. I've chosen auto partly because it is the industry I am closest to, but also because I think it exposes the naïveté, contradictions, and social biases inherent in much of the above.

At one extreme are the free traders. The market, they solemnly tell us, must rule: since the Canadian auto industry can't make it in the free market, it should be abandoned. To demonstrate that they are socially sensitive, they stick their necks out and come out strongly in support of worker retraining. This approach is simple and clear. It's also silly and dangerous.

The auto industry is arguably Canada's most important manufacturing industry. It accounts for half our trade in manufactured goods, employs – directly and indirectly – one-quarter of a million Canadian workers, and provides the solid foundation that strengthens the viability of many firms and key sectors outside of the auto sector, such as steel and rubber, glass and plastics, foundries and tool shops.

Auto is also one of our *most competitive* sectors: productivity growth in auto has, over the past two decades, grown fifty per cent faster than manufacturing as a whole and with the recent restructuring and investment, it will continue to set the pace for the Canadian economy.

So, when I hear someone talking about abandoning auto I quickly ask what will replace it – where will the alternative jobs come from, what will happen to auto communities, what will happen to auto-dependent sectors? It's nice to talk about retraining, but also irrelevant if there are no jobs available.

One reply that seems to be "in" these days – and not just among free traders – is the salvation of "high tech." The issue is not whether high tech has positive potential – it obviously does. The issue is whether high tech has been presented in a superficial manner, and whether its potentials for Canada have been exaggerated. To start with, we have to ask how a country that has not been able to develop a strong manufacturing base could magically jump into high tech. And then whether, without the technological base of an independent manufacturing sector, high tech could emerge on a broad scale. We have to ask, of those that put such great emphasis on the judgements of the market, why auto should be abandoned and "high tech" supported. After all, our relative size and relative competitiveness in auto are much stronger than they are in high tech. In auto, we compare favourably to the United States and Europe, but lag Japan; in high tech, we lag not only Japan, but also the United States, France, and West Germany, among others. And the number of countries and jurisdictions brawling to become the next Silicon Valley is overwhelming, to say the least.

We also have to ask where the high tech will be applied. High tech does not exist in isolation – it is used in manufacturing and today, *auto is one of the largest users of high tech*. Wander through the General Motors Transmission Plant, observe the Oshawa Paint Shop, tour the Ford engine facility, greet the robots at Chrysler Van, examine what's happening in our parts facilities: the above point will soon be evident. If we let existing industries like auto go, then a potential major market for high tech is also lost. And if you actually look at the hard numbers regarding high-tech jobs, it soon becomes evident that even on the basis of optimistic projections, the numbers are simply not there – they aren't even close. For example, a recent in-depth projection of future employment in the United States showed that jobs for computer systems analysts, computer programmers, and computer operators would increase by eighty per cent between 1982 and 1995, while the number of secretaries would grow by less than thirty per cent. But in terms of *actual* jobs, rather than percentages, the number of secretarial jobs will increase by *more* than the three high-tech sectors *combined*. There are projected to be more new jobs for electricians than for computer operators, one and a half times as many new positions for supervisors of blue-collar workers than computer programmers, and twice as many nursing aides and orderlies as computer analysts. This report from the United States Bureau of Labor Statistics came to an unambiguous conclusion:

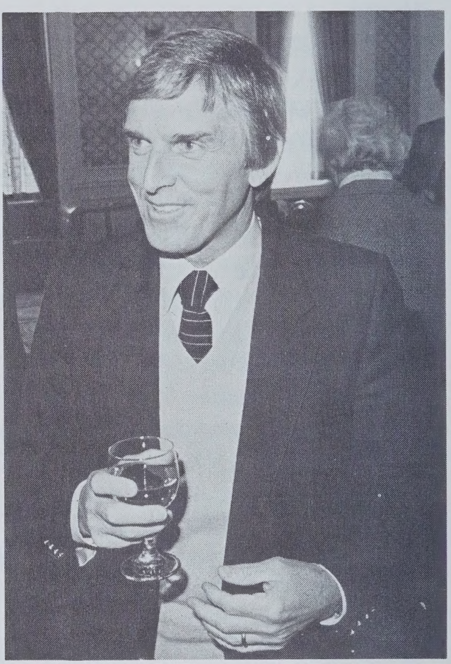
> It should be reiterated that even when high tech is very broadly defined, it has provided and is expected to provide a relatively small proportion of employment. Thus, for the foreseeable future the bulk of employment expansion will take place in non-high tech fields. (*Monthly Labour Review,* November 1983, p. 58)

What about the argument that Canada should exploit overseas export markets, become more productive, lower wages, and improve labour relations? There are, of course, isolated examples of Canadian penetration of overseas markets, but I have not heard anyone detail which markets we could expand into in a substantial way. The world today is more competitive than it has ever been; and if we were unsuccessful in previous, more favourable periods in competing successfully with countries that have to ship their goods to us, where is the basis for thinking we could compete on *their* turf now? I know of no one involved in the industry directly, or as an analyst, who believes that overseas markets represent a serious possibility for domestic auto exports. There are two main reasons for this. First, there is the emergence of new competitors abroad, such as the Japanese corporations. We can improve our productivity, but *they* are not standing still. And if we do match them in productivity, we cannot ask Canadians – all Canadians – to pursue a solution that requires going backwards toward a significantly lower standard of living.

Consider what has happened over the past few years. Auto workers in the United States have suffered through painful compensation concessions. Did this solve the long-term problem? No. In fact, over this period, the compensation differential between Japanese and American workers actually increased! In part, this was the result of the dollar/yen relationship. But it was also related to the fact that auto wages in Japan, in spite of rapid productivity growth, increased more slowly than at any time in the past two decades.

A second explanation for the limits on our ability to export overseas is the expansion of options for North American (essentially United States) companies. The development of social and economic infrastructures in the Third World; the advances in international transportation, communication, and finance; and the standardization of global markets mean that the multinational corporations can now, more easily than ever, combine the technology of the advanced economies and the wages of the Third World. We cannot beat this combination. And so, while we focus on the competitive threat from Japan, the Japanese are looking over their shoulder at the South Koreans, whose hourly compensation costs are $1.50. And while we dream about the never-never land of *exports* to Asian markets, they are preparing to capture our vulnerable *domestic* market.

Let me now say a word about labour-management relations. The UAW has a reputation – one that we are proud of – of being innovative in collective bargaining, of playing a leadership role on social issues, and of representing its members in a determined manner in conflicts with management. Some business representatives have argued that this seriously damages our relative competitiveness. I suggest that anyone interested in this issue do what business always does – look at the bottom line. What will be found is that our labour costs are twenty-five



Robert White,
Director for Canada
and International
Vice-President,
United Automobile
Workers

per cent below those of the United States and that they compare favourably with those of Europe. And what will also be found is that our productivity, quality, and absenteeism rates are as good as or better than comparable facilities in the United States, Europe, or Australia.

These points are not merely UAW opinions. They have, in the automotive task force, been agreed to by the industry itself; an industry, I might add, that has never been considered a walkover in collective bargaining, neither in the past nor during the recent periods which some have dubbed "concession-bargaining." Their reinforcement of the above facts is, therefore, all the more convincing of our position.

The crux of what I am getting at is this: here we have an industry that has all the potential advantages one could reasonably expect – a significant market and access to the world's largest market, cheap and reliable energy supplies, a developed infrastructure, competitive taxes, anxious and efficient suppliers, modern facilities, a skilled and reliable work force, competitive labour costs – *but we will not be able to make it if the industry's fortunes are left to free trade*. We have to ask ourselves this uncomfortable question: if we cannot even be successful in this key industry, can we really expect to make it anywhere to any relevant degree? And if we cannot mobilize the political will to act in this most important and relatively strong sector, can we really believe that we will act more generally to develop a strong manufacturing base?

In challenging the twin ideas of free trade and becoming internationally competitive – ideas that dominate business and government circles in this country – I am not rejecting either the importance of trade or the importance of improved productivity. Trade *is* important, too important to leave to the whims of the market and the unilateral power of multinational corporations. And productivity *does* create the potential for an improved standard of living, but this potential can be frustrated if, in order to become internationally competitive, we constantly have to restrain our standard of living. And this potential can also be frustrated if, as I've argued, productivity improvements still do not guarantee us improved security because of international competition. For example, over the last fifteen years, the output per man-hour in manufacturing has increased by over fifty per cent, but can we really say that we are more secure today than we were then, or that our society today is fairer, more just, and more humane? And we see major industrial restructuring taking place with overwhelming projections about the new technology – but alongside this threshold of giant strides in productivity and new wealth, we hear increased calls for restraint. As a result, our thoughts are, not surprisingly, dominated not by how this will automatically *benefit* us, but whether it will exclude us.

The logic of playing this competitive game is that it will increase inequalities in our society and retard social progress:

- workers refusing to surrender shop-floor rights won from stubborn managements after years of struggle are told this hurts our "international competitiveness;"
- parents arguing for more day-care are told it's too costly a diversion of resources from the private sector and cannot be afforded in a competitive environment;
- corporate taxes are reduced, their subsidies increased, and taxes of individuals in lower and middle tax brackets are increased to pay the corporate share, all in the name of retaining or attracting investors who have numerous competitive alternatives.

The list goes on. Significant improvements in pensions are postponed; the medicare system is eroded; labour rights are attacked. Rather than defining our social goals and objectives first, and then asking how to structure the economy to achieve such goals, the status quo becomes the starting point, and our alternate social goals become secondary. Even "victories" will only be temporary as others undercut us. In the fifties, we were told we should match the success of the Swedish system; by the sixties, the Swedish workers were being asked why they couldn't be like the West Germans. In the seventies, the West German workers were warned that they should follow the Japanese example; and today Japanese workers are concerned about competition from Southeast Asia. The point is that playing the game of free trade and accepting the priority of becoming internationally competitive is, for working people *and* most Canadians, a game we cannot – in spite of our potential – win. It is a dead end. Nor will we make it through discussions aimed at making the Japanese and other multinationals be nice to Canada *voluntarily*. While we're consulting, Ford will be building its new car in Mexico, motivated, as Ford Chairman Philip Cauldwell told *Automotive News*, "more by government (content) policy than by prospects of saving money." (January 23, 1984)

G.M. – whose chairman, Roger Smith, proclaimed three years ago that G.M. was preparing to push Japanese imports back into the ocean – is now standing on the shore, welcoming new joint ventures, and preparing to import small cars from both Japan and South Korea. The Japanese multinationals, and their political spokesmen, will continue interminable discussions, make vague future promises, lecture us about the virtues of free trade, while ignoring their own path to developing an auto industry, and continue to have a penetration in Canada that is double that in Europe, with no commitment to jobs in this country.

The United States-based corporations that are now feeling the competitive crunch *will* solve their problems – by outsourcing, by importing, by joint ventures – but this will *not* solve the problem of Canadian jobs, of a manufacturing base in Canada.

The Japanese multinationals will try to ease political pressures with token gestures. In the United States, while *far* short of making a commitment proportional to their market share, they are involved in three assembly operations and Nissan, for example, now sources from sixty-three United States suppliers. But in Canada, we have not yet had even a minimal response. That's why we've insisted on the basic principle of content legislation – legislation to guarantee Canadian input if a company wants to sell in this important market.

Public debate on these kinds of questions has been largely limited to the question of the best strategy to become internationally competitive. What I'm saying is that first we must have a public debate on more fundamental issues: *Do we want to play the game? What are the alternatives? And what kind of society do we want?*

In my opinion two issues will dominate the political scene in the balance of the eighties – jobs and peace. I don't have time today to deal with my concern about the need for international dialogue and reduction in nuclear arms. I do hope, however, that I have successfully emphasized to you the importance of jobs for the future of this country.

I do not suggest easy answers. I've been warned not to ask for a show of hands supporting my proposed solutions at this meeting. But Canadians *must* initiate a discussion that goes beyond too-easily-accepted conventional wisdom, and addresses the fundamental issues.

The appreciation of the audience was expressed by Michael Meighen, a Director of The Empire Club of Canada.

FEBRUARY 16, 1984

An Industrialist's View of Britain

AN ADDRESS BY Sir Alex Jarratt, C.B.
CHAIRMAN, REED INTERNATIONAL

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Members and friends of The Empire Club of Canada: It is our good fortune today to be addressed by a gentleman who has a breadth and depth of experience in the private and public sectors in Britain matched by few. Sir Alex Jarratt's career has to date followed two distinct avenues with a number of very interesting side paths.

After graduating from the University of Birmingham, he joined the British civil service in 1953, where he progressed through increasingly senior positions for twenty-one years. During that time he held posts in the Treasury, the Cabinet Office, the National Board for Prices and Incomes, the Department of Employment and Productivity, and finally, the Ministry of Agriculture, where he was Deputy Secretary. In recognition of his valuable contribution, Mr. Jarratt became Sir Alex in 1968, when Her Majesty the Queen made him a Companion of the Order of the Bath. I suspect that these must have been extremely interesting times. However, the really fascinating times lay ahead.

In 1974, Sir Alex left the public service and joined the Reed group of companies to run its International Publishing Corporation and become a director of Reed International itself. You may recall that the mid-1970s were not happy times for Reed. Indeed, in Canada, it was a household word – and management and the directors would have done anything in their power to undo that.

In the heady days of the late sixties and the early seventies, Reed International had embarked on a major expansion program, and this was based partially upon plans for a very rosy and rapidly expanding future in Canada. One acquisition followed another and nothing could go wrong – that is, until the roof fell in when conditions worsened, and suddenly, it was a question of how to stop hemorrhaging losses, how to divest of businesses that suddenly made no sense, how to survive. After hearing Victor Rice of Massey-Ferguson last month on "Learning to Live with Less," you will note a common theme.

It was in the latter stage of these developments that Sir Alex became Chairman and Chief Executive Officer of Reed International in 1974. Since that time, the group has indeed been successful in stopping the losses, adding stability, and poising itself for a more orderly future. It has, therefore, been able to withstand handily the worldwide downturn of the last several years and is currently an organization with extensive worldwide interests in publishing, newspapers, packaging, building products, paper production, and decorative products.

In Canada, Reed is Quebec City's largest private-sector employer, producing newsprint and competing extremely successfully in spite of the current worldwide problems of the paper industry. It also has extensive operations in the decorative products industry, most widely recognized through the Sunworthy wallpaper brand name.

A little over a year ago, Sir Alex relinquished the post of Chief Executive Officer, but he continues as Chairman of Reed. He is also a director of several United Kingdom companies, including the Midland Bank, of which he is vice-chairman. For many years, he has demonstrated a continuing interest in the field of education and he is currently Chancellor of the University of Birmingham. That university and two others have awarded him honorary degrees in recognition of his valued contributions.

With this background in mind, I am most pleased to welcome a gentleman extremely well-qualified to talk to us today on "An Industrialist's View of Britain."

SIR ALEX JARRATT:

Mr. Chairman, ladies and gentlemen: During the past five years, the British industrial economy has undergone something of a revolution. I use that word advisedly because revolutions are usually concerned with attacking or tearing down the established order – accepting all the chaos and pain this may cause – in order to put something different, and hopefully something better, in its place. And that is what has been happening.

For several decades, our established order was marked by relatively low growth, continuous inflationary pressure, and exchange rate instability. However, in 1979, the Thatcher government came to power with the avowed intention of not just managing the economy but of changing its unsatisfactory secular performance.

In the ensuing five years, the government, through its economic policies and legislative program, has effectively redefined the social contract that exists between it and the governed such that people's expectations of the state – and of themselves – have undergone a major change.

Whether this was an accident, born essentially out of world recession, or an act of policy, is a matter of debate. There are some who say that Thatcherism is not, and never was, a coherent set of detailed policies but, instead, a series of values and instincts that have evolved into policies.

Others, however, recall Sir Keith Joseph's required reading list for his civil servants when he became Secretary of State for Industry. It included Schumpeter's book on *Capitalism, Socialism and Democracy*, in which the process of "creative destruction" is discussed at length.

Be that as it may, the effects have been remarkable. A few figures will demonstrate the point:

- Industrial production fell in real terms by 15½% from its 1979 peak to its 1981 trough, and is still 8% down.
- Unemployment rose from 5% to just over 12%.
- Real long-term interest rates rose from a negative 9% in mid-1980 to a positive 5% today.

- The trade-weighted pound sterling rose from 81 in 1978 to 103 in early 1981 before dropping again to 82 today.
- Inflation, the government's prime policy target and its greatest success, peaked at 22% in the spring of 1980 and is now running at about 5%.

Such massive changes in a country's economic fortunes – which in my view must be attributed as much to British industry's unpreparedness to deal with a world recession of the scale we have all experienced as to the government's policy responses to it – such changes can only be described as traumatic. That is certainly how they have felt to me, as to most other British industrialists.

The question is whether this trauma is creating conditions for a fundamental improvement in the dynamism of the British economy, which has been lacking for so many years.

We have, for too long, been too complacent about our deteriorating industrial performance in relation to our international competitors. For too long we have allowed, and often encouraged, governments to devise interventionist industrial strategies that were aimed at producing change without pain – a vast expenditure of money and activity with little to show in improved efficiency and genuine growth. For too long we have been more concerned with the distribution of wealth than its creation, with the share of profits – the only real source of new real investment – dropping from 15 per cent in the 1960s to 7 per cent today, if one excludes the windfall of North Sea oil. And for too long we have created the expectation and reality of a socially concerned state without enhancing the economic base which must sustain it.

Are we now changing? Well, we have certainly had a lot less intervention from government and a lot more pain. There have been major rationalizations, particularly in the old smoke-stack industries and in engineering, which were at the heart of our past success but which had become the most vulnerable to overseas competition – steel, shipbuilding, cars, and machine tools being classic examples. Manufacturing industry now accounts for only 29 per cent of Britain's output of goods and services – a measure, in part, of a mature industrial society but also of an inefficient one.

The change has been widespread. We have seen it in my own company. Although our main activity is publishing, both in Britain and North America, we also have substantial and traditional manufacturing activities in the United Kingdom in papermaking, packaging, printing, plastics, and ceramics. Each of these has been substantially affected by recession. Each has experienced reductions in output and compression of margins. Each has been obliged to close or rationalize its operations, with many thousands of people made redundant.

This sounds like a catalogue of disasters and in many respects – certainly from the point of view of many working people – it has been. It has caused a lot of people in my country, especially the main Opposition Party and the trade unions and also many who are less politically motivated, to talk in terms of the de-industrialization of Britain.

De-industrialization seems to be a popular buzz-word not just in the United Kingdom but elsewhere in Europe and in North America. Despite the many obvious ravages of recession I feel strongly that de-industrialization should be treated with the utmost caution.

It seems to have a number of meanings. For some, it is an easy shorthand for a change in attitude from the search for growth – which largely meant industrial and material growth – toward a society whose values are less materialistic and more concerned with the quality of life and the environment. For those people, de-industrialization is something to be encouraged rather than resisted. It seems to me to be a perfectly tenable view, though I doubt if it is shared by the bulk of the working – or especially the unemployed – population.

For others, de-industrialization is an alarm call, a threat to our wealth and employment base, and it is in this sense that I think the word is most commonly used at present at least in Britain.

Certainly, if our lack of competitiveness over recent years had been allowed to continue, then our industrial base would have been eroded to the point where we would have become de-industrialized. I do not believe we have reached that point, nor need we do so.

Similarly, if we insist on feeling, as some people do, that there is something more virile, more moral, about making things than supplying services, then we will be resisting a change that is natural in a society of our maturity and denying developments in areas that could be to our advantage.

What we have to do is not to express alarm about something which is either due to our own past inadequacies or is the result of trends in a mature society, but to ensure that we operate more effectively in the future the industrial and commercial base we already have, and create the environment in which new industrial activities will be added to it.

In Britain, this process has started, though it still has a long way to go – they say that Rome wasn't built in a day; similarly, the loss of an Empire cannot be compensated for in a night. But there are important changes taking place.

First, there has been a shift in the balance of power within industry, with management having greater scope to manage than they have enjoyed since the Second World War. There are several reasons for this. The most important has been fear. We have lived with full employment (or perhaps I should say overfull under-employment) for a generation. The rapid rise in unemployment, the household company names affected by it, the government's apparent total disregard of it, and the unions' inability to do anything about it, have undermined the working expectations of a lifetime.

Another reason has been a major change in the power base itself. This was already shifting from the trade unions to their shop-floor representatives, who understood more clearly the needs and ambitions of the membership. The unions compensated for this by increased political activity; they became, effectively, part of government under the last Labour adminis-

Sir Alex Jarratt, Chairman of Reed International, with the President

trations. They lost this role when Mrs. Thatcher came to power whilst recession, unemployment, and hard reality simultaneously diminished the authority of their representatives on the shop-floor.

The final reason has been a monumental change in industrial relations legislation from a system which, to all intents and purposes, gave total immunity to trade unions and their members to do as they liked, to one in which their immunities and, therefore, their industrial actions, are closely circumscribed.

I have had much to do with this myself as Chairman of a Steering Group on the Balance of Power set up by the employers' organization, the CBI, when the Labour Party was still in power; and latterly, as Chairman of its Employment Policy Committee. Inevitably, therefore, I applaud these changes. But I do not fool myself that the law changes attitudes – at best it reflects them.

Therefore, although docility has largely replaced militancy, and although the law now offers a far fairer framework for the conduct of collective bargaining, he would be a foolish employer who depended on either to do his job for him in the future. We have secured the better industrial relations environment we have sought for so long. We should now use it intelligently and wisely.

I have dealt for some time on labour relations because it is well known to have been our greatest source of economic weakness – and it has been, of course, one of our most successful exports to other parts of the world. Moreover, the change in the balance of power has been an important contributory factor to the second change that I see in Britain – which is an increase in our productivity and thus in our international competitiveness.

Each had deteriorated dramatically with the result that not only had our share of world trade in manufactured goods fallen in a generation from 25 per cent to 10 per cent, but import penetration had grown continuously against a wide range of British goods. Indeed one could say – can say – that Britain is now our most important export market.

Our trade performance has been helped, of course, in most recent times by a weaker pound. But the rationalizations of the kind that I described in my own company, combined with the ability to man our continuing activities more effectively, have made an important contribution. But again, we must not fool ourselves. We are still roughly 20 per cent less competitive in terms of labour cost per unit of output than our international competitors.

In part, this will have to be overcome by a higher level of productive investment. This has suffered and suffered severely in the recession:

- with substantial surplus capacity in so many industries, the motive for investment has been missing;
- with the growing pressures from overseas suppliers, the temptation to set up plants overseas to source the United Kingdom has been strong;

- with all the structural upheavals they have gone through, management's confidence has been dented.

In my view, the last is the most important – the effect of recession on management's confidence about the future. But we have to break out of this mould. We have to believe that we have an important role to play in determining our own future and we have to be prepared to invest in it.

There are signs that this may now be happening. Profitability has improved in the last twelve months and continues to do so. Most companies are in a far more liquid state than they were three years ago. And the economy has been improving, albeit slowly, and from the point of view of the manufacturer, very competitively.

In my own company – and despite the problems I described earlier – we have invested more in fixed assets at home and overseas year on year in each year of the recession. We have not done it from altruism. We have been fortunate (or forearmed) in not having to do it at risk to our balance sheet. We have done it because we know that we cannot succeed in the highly competitive markets in which we operate unless we are best equipped to do so.

The reward from that increased investment will only come, however, if we can restrain the increase in real wages that is still taking place. It has been interesting to observe how organized labour has been prepared to sacrifice restrictive working practices on many of its members – thus increasing productivity – whilst ensuring that those remaining in work have not suffered a fall in living standards. The level of annual pay settlements declined rapidly in the first years of recession, but has tended to level out in the last twelve months far closer to what is perceived to be the future rate of inflation.

This trick – deceleration in real earnings combined with acceleration in real investment – is probably the key to Britain's re-entry into the virtuous circle of growth.

There is another, and this, I think, constitutes the third change in Britain's fortunes that I would like to comment on today.

British managers have experienced a dose of price competition that has led many of them – and again this is true of my own company – to take stock of their businesses with new eyes. Traditionally, Britain has had a relatively concentrated manufacturing sector with a few companies dominating each market. Price competition tended to be avoided, orderly markets were preferred and enjoyed. Unfortunately, the feature of orderly markets is that the realities of cost efficiencies and product development get ignored. Well, that has all changed. The last few years have taught us a lot about disorderly markets and the best of us are now learning not only how to live with them, but also how to react positively to them.

We in Britain are having to make these changes, and it looks like we'll have to continue making them, in a world that exhibits little sign of significantly renewed growth – except in the United States, though even in this instance, most of the comment seems to be about how long it will last rather than how soon the rest of us will follow suit.

There is an increasing body of people who believe that we have not just been in a recession, severe though it has been, but in one of those significant pauses in economic activity that have at intervals marked our progress since the Industrial Revolution.

There is a vast absolute level of demand to be met in the world, but growth depends not on absolute, but on incremental, demand. Those whose demands in the last twenty-five years have supplied that increment appear to be temporarily satiated, at least so far as many manufactured goods are concerned. And those, in the less-developed world, whose incremental needs are enormous, have neither the capability nor the financial resources to satisfy them in full or, in some cases, at all.

Meanwhile, major structural changes in supply, not least on the part of the newly industrialized countries have undermined, if not destroyed, their Western industrial counterparts' ability to cope with the changes in their traditional marketplaces.

This is not a cheering prospect, but it is one that I think we should take seriously rather than blindly hope that "happy days are here again" or will be here again.

Faced with such a prospect, many people will look to government to change it. Personally, I do not place much faith in governments' ability, whether nationally or internationally, to change the environment fundamentally. They can quite easily make it worse; they can allow its full rigours to have their effect as, to all intents and purposes, our present government has done; but experience suggests that they are hard put to bring about permanent improvement.

It has not been for want of trying. In Britain, we have had incomes policies, pricing policies, competition policies, employment policies, regional policies, monetary policies, subsidies, grants – you name it, they've tried it; and look where we are today. I am certainly not suggesting that it is all government's fault, because it isn't. What I am suggesting is government's relative inability to bring about positive change. Governments can regulate, but they find it far more difficult to instigate effectively.

As far as I am concerned therefore, economic renewal is something we have to do for ourselves, if only because we cannot expect others – people or things – to do it for us. It is in part a response to matters over which we have little control and in part a positive means of adapting what there is to our own advantage.

The demands on management in these circumstances are formidable. There is a need for a far greater knowledge of one's business – its strengths and weaknesses, track record and potential. There is a need for higher performance – probably more stretching than people have been accustomed to in the past.

There is a need for continuous motivation of people who are being asked to perform differently, more questioningly, more riskily than they have done before; whose futures are not as assured as they had perhaps assumed; and whose ability to command those under them is in direct proportion to the confidence and assurance they have in themselves.

There is a need for a lot more business courage than we have brought, or perhaps been obliged to bring, when the going was easier.

If one thinks about it, such needs are what management has always been about. Uncertainty is what a free market has always been about. Let us hope – particularly in Britain, let us hope – that we have been suffering from a temporary loss of memory and that it hasn't, after all these years, developed into amnesia.

The appreciation of the audience was expressed by Ronald Goodall, a Director of The Empire Club of Canada.

FEBRUARY 23, 1984

The State of the Economy

AN ADDRESS BY The Honourable William G. Davis,
P.C., Q.C.
PREMIER, THE PROVINCE OF ONTARIO

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Mr. Premier, My Lord, members and friends of The Empire Club of Canada: It is an interesting proposition, Mr. Premier, to introduce a little-known fellow such as yourself. Research has shown this to be the seventh occasion on which this club has been honoured by an address from you and this fact made me wonder whether perhaps you might be breaking a record of some sort and, indeed, I found that you are in rarified company. However, there are six who have, in our eighty-year history, addressed us on more occasions, with the record going to George Drew, with sixteen addresses over thirty-five years. Yet, with your addresses covering a mere nineteen years, you still have lots of time! While we do not measure our success by the frequency of repeat performances, we are certainly pleased that with your very busy schedule, you have returned to this forum today, during our province's bicentennial year.

As you know, for many years now, our weekly addresses have been broadcast on radio station CJRT and televised by Rogers Cable TV. We are always gratified by the number of people who listen to or watch our addresses either live or when they are rebroadcast. The strong interest in hearing addresses made to this club is certainly there, though, Mr. Premier, it saddens me a little that for today's address, some viewers, I suspect, may prefer other television programming.

For instance, I am told that Messrs. Peterson and Rae* have other interests. I understand that Mr. Peterson has a distinct preference for "Search for Tomorrow" while Mr. Rae is a devotee of "Fantasy Island." Their second choice may periodically be "Let's Make a Deal" but that doesn't seem to get strong reviews. Of course, there are one or two people on the government benches who seem to prefer "The Young and the Restless," but the real question, Mr. Premier, is, other than the address which we look forward to now, what you would prefer to watch. You may correct me of course, but on good authority, I am told that since Mr. Sazio's team is enjoying a well-earned rest, your current favourite is one which would have the full approval of Mr. Drew. I am told that it is a series called "Dynasty."

However, exclusive of those few eccentrics who might prefer alternative programming, you can see from today's attendance that while as always it is an honour to have our premier address us, it is also our genuine pleasure to welcome Bill Davis back to this forum.

Mr. Premier, I could remind our audience of your many accomplishments as premier of this province, of the progress that has been made under your leadership, and of your laudable role in negotiating Canada's recent constitutional accord. However, they know all that, and it is because of that knowledge and their high regard for you that they are here. They really want me to get on with my job so they can hear from you. I shall do just that. Ladies and gentlemen, please join me in welcoming the Premier of the Province of Ontario, The Honourable William Davis.

MR. DAVIS:

Mr. President, ladies and gentlemen: I welcome this opportunity to speak to this session of The Empire Club and to share some thoughts with you concerning the state of our economy and the related challenges we face as Canadians. Delivering such a speech, I must admit, is a much more pleasant task today than it would have been a year and a half ago.

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*Mr. David Peterson, Leader of the Ontario Liberal Party and of the Official Opposition, and Mr. Robert Rae, Leader of the Ontario New Democratic Party.

The evidence of Ontario's recovery is unmistakable. World economic recovery has been under way since the beginning of last year and Ontario's diversified economy has been well placed to share in the progress. I believe that this strong recovery from extremely difficult conditions has demonstrated the underlying strength and resilience of Ontario's industrial base. Not surprisingly, I also believe that it reflects the excellent record of the Ontario government in pursuing prudent economic and fiscal policies.

Without belabouring the point, which I trust is already obvious to you, we have come through the worst recession in the last fifty years in Ontario, without a cut in our major programs and without any significant tax increases. This, in my estimation, is no small achievement. And we should be encouraged by the prospect that 1984 should and will be an even better year for virtually all parts of our economy. According to the Conference Board of Canada, Ontario outpaced the national recovery last year and will continue to be the leader this year with real economic growth of about 4.7 per cent.

Analysis shows that this buoyancy is attributable mainly to an improvement in our manufacturing industries. The recovery and subsequent performance of the auto industry alone has exceeded our most optimistic expectations. Canadian car production is up 21 per cent over 1982 and total Canadian car sales are up 18 per cent. Regardless of which indicators you choose – jobs, production, sales, trade, investment – the auto industry has led the economic recovery in this province.

The service sector has also displayed considerable stability during the recession and has accounted for the creation of approximately 120,000 new jobs since December of 1982. This strong performance, combined with the improving performance of our agriculture, transportation and communications, trade, and finance sectors, puts Ontario in the forefront

The Honourable William G. Davis, Premier of Ontario, with the President. In the background are Past Presidents Reginald Stackhouse and William M. Karn

of what should be exciting new opportunities for growth and development as we move into the latter half of the 1980s.

And since the Ontario way of life is dependent on sustained economic growth, recovery must be our principal economic goal for 1984. But it is up to each and every one of us to heed the lessons of the past difficult years and work effectively and co-operatively to ensure that the recovery continues. Government, labour, and industry together have the capability to accelerate and reinforce the strength of our economy and the progress that is made will be heavily dependent upon that kind of concerted effort. While the recession produced very little in the way of beneficial side effects, it may have brought home to many of us the fact that we can no longer continue to travel in our own individual orbits, oblivious to the needs of others and to the notion of the common good. The recession may have helped many people to arrive at the realization that if we are to be successful as a nation, we must operate as a partnership, where the individual working Canadian is recognized as being a major contributor to economic growth, just as we recognize the contribution made by those in senior management.

As far as government is concerned, the most constructive role we can play in this partnership is to concentrate our attention on creating the kind of environment in which the private sector can do what it does best – creating new jobs and new prosperity. For the leaders of business and industry, the challenge may be one of realizing that the men and women who devote their skills and efforts to our various enterprises represent far more than just another piece of plant equipment or cogs in a machine. Each and every human being can be motivated, will respond to incentives, and therefore, should be allowed to share in the success of his or her employer.

As far as the labour movement is concerned, if its members are to be full and contributing members of our economic partnership, they must stop viewing employers simply as adversaries, to be squeezed as hard as possible. If attitudes on both sides of the labour-management equation do not change, then the kind of tension and unrest that cost us so dearly in the past will continue to prevent us from becoming more productive and competitive in the future. There is no doubt in my mind that as individuals, and in a collective sense, we have much to gain from such a spirit of partnership. For only if we are united and determined at home can we hope to succeed abroad, where most of our new economic opportunities lie.

In this regard, it is obvious that we need to sharpen our competitive edge. We need to upgrade existing industries, using new capital to exploit new technologies; establish a competitive advantage based upon skilled people, unique design, and flexible production; and adapt to changing patterns of trade by preparing to supply the products for which there is a world demand. As is well known to every business person in this audience, the vitality of Ontario's economy, and our assurance of a prosperous future, will be dependent on our ability to develop and expand export opportunities for Ontario manufacturers and for our resource industries. At this moment in time, the development of these opportunities is the number-one priority of our Minister of Industry and Trade and I am encouraged both by his accomplishments to date and by the prospects for the future. As many of you may have noted in this week's press, by reaching $41.6 billion in merchandise exports in 1983, Ontario is well on its way to our $60 billion target for 1987.

But the field of trade is not marked by a clear and smooth path that will, in some preordained fashion, take us onward and upward. Nor is it by any means a path that moves in only one direction. Practically every jurisdiction in the world is looking for trading opportunities for the same reasons that give rise to our own initiatives in this area. When you talk to other jurisdictions about the prospects for the sale of Ontario goods and services, they, in turn, want to know what their prospects are in our province. Further, as is understandable, every nation has concerns about maintaining reasonable home markets and opportunities for local producers.

It was those kinds of concerns, and the ramifications that they hold for Ontario, that prompted me to go to Washington just a little over a week ago. For in the United States, at this time, as I am sure many of you are aware, there is a very strong movement to protect certain basic industries in that country. While the list could probably be a much longer one, for purposes of this occasion it may be sufficient to note that steel, copper, cement, and automobiles, all products which we produce and hope to sell in the American market, are very high on the list of American concerns. It was fortuitous, therefore, that our Ambassador to the United States, Allan Gotlieb, asked if I would come to Washington to speak to members of both the administration and the Congress on trade matters, in order that they might better understand Canadian concerns about their contemplated actions.

In what turned out to be a very busy two-day period, I had the opportunity to speak to two members of Mr. Reagan's Cabinet, one of his senior economic advisers, as well as members of the Senate, the House of Representatives, and other government officials. Without exception, I was assured that it was certainly not Canadian trade and Canadian products that had led to the type of protectionist measures that are currently being advocated. Nevertheless, it was also indicated that, if such measures are adopted, Canada will be swept into the net, and the resulting adverse effects will fall upon our country just as they will fall on other trading nations dealing in these commodities. For my part, and I trust that I was speaking for many Canadians in this regard, I attempted to stress the adverse effects these measures could have not only upon Canadian industry but also more importantly, upon the great and historic Canada–United States relationship. I can assure you that our ambassador and other Canadian officials will continue to push this point of view as forcefully as possible.

No one, at this stage, can be certain as to what the fate of any of the proposed legislation will be. As you know, the American legislative process is a complicated one involving two houses of Congress that act quite independently of one another, and an administraton that, at times, can be independent of both (and vice versa). The administration, in general, is opposed to these protectionist measures, both as a general philosophy and as a method of handling the particular problems that affect the economy of the United States at this time. So, at the moment, this is a story without a firm conclusion. Hopefully, with the assistance and support of public officials in the United States who understand the strong linkages that exist with this country and who are, in every sense, friends of Canada, the problems that loom on the horizon will not become a reality for us.

But I cite these circumstances to stress that in this highly competitive world no one is going to make our task particularly easy. We will only succeed if we look first to our own efforts. We must, therefore, be vigilant not only in respect of developments in other parts of the world that might affect us, but also in respect of the kinds of actions and decisions that we are making that can affect others.

Trade is clearly an area in which balance, fair play, and openness will be required and I trust that we have what it takes to set an example in the way we carry out our affairs. We must be fair and open with those who are fair and open with us. To those who are not, we must show our firmness of resolve.

The difficulties that we must overcome, however, are not only those that lie beyond our borders. Here, at home, there are still problems that continue to plague us and which must be addressed before our citizens believe that our economy is back to a healthy state. Most obvious of these is the continuing high rate of unemployment that exists in all parts of Canada. Ontario's relative situation may be better than that in most parts of the country but it is certainly not good enough.

The factors related to unemployment in Canada, and in Ontario, are many and complex and their analysis would require considerably more time than is available to me on this occasion. Allow me, however, to take just enough of that time to comment on one aspect of the problem that disturbs me greatly, and that is the matter of youth unemployment. It is a matter that requires our collective attention and our creative talents if we are to bring about some measure of real improvement in the current situation. While we are all familiar with the array of available statistics on the subject of unemployment, those statistics do not necessarily focus our attention on the human side of this problem.

It may be that some of today's young people have unrealistic expectations, partially self-created but also created in part by an environment in the creation of which all of us have shared to some extent. But whatever the cause, and whoever may share the burden of responsibility, we must think through the implications of what we are saying when, as the result of current circumstances, we effectively tell a young person that there are limited opportunities for him or her to start to build a career.

Indeed, we must ask ourselves what we are going to do about one of the most insidious hoops through which society forces young people to jump – no jobs for the *inexperienced* and no jobs in which to *gain* that experience. My fear is that the impact of all of these circumstances may have already given rise to a new and more profound cynicism, a reduction in the sense of self-worth on the parts of many young Canadians, and an erosion in the degree to which they believe there truly is equality of opportunity.

Now, having come before you today and drawn your attention to the problem, I must admit that I have no neat, simple solution. Anyone who pretends he or she has such an answer is simply attempting to deceive the public. But if our results are less than satisfactory, it is not due to lack of effort. During the current fiscal year, the Government of Ontario has spent some $125 million to help young people to find employment, to help them to obtain some useful experience, and to provide them with some direction during the most critical years of their lives.

While we have offered direct employment to many of these young citizens, most of our programs involve the private sector, either directly or indirectly. Basically, it has been our objective, as we undertake some of these initiatives, that a brief period of government involvement, and/or some exposure to the private sector, will lead to permanent and productive jobs for many of these people – particularly if general economic recovery is taking place at the same time. There can be no doubt that the general improvement in the economy will make the single most significant contribution to our youth employment picture. And government's most important contribution to that end will be to create the climate within which the private sector can grow and create the jobs that our young people seek.

But beyond these general circumstances, there are some basic steps that can be taken to address the situation. The first is to recognize that youth unemployment is a particular problem that needs particular attention. That recognition is not solely the responsibility of government, but the shared responsibility of government, business, and organized labour. For, in truth, all of us, through established patterns of operation and established attitudes, may well have contributed to the situation without deliberately attempting to do so. Only through co-operative effort, therefore, are we going to begin to create an improved situation. Government, business, and labour must work together.

For our part, we are going to take two basic steps that, hopefully, will allow us to make inroads on the current situation and put us in a stronger position for the future. These will involve the consolidation of government efforts and responsibilities, now spread throughout several ministries and agencies, and an even greater emphasis on the fundamental areas of education and training. As industrial technology advances, so too must the levels of training of our work force. Already, significant efforts are being made in our colleges of applied arts and technology, and in many cases, on the shop floors to ensure that new skills are being developed to match the technological advances taking place in business and industry. But more can and will be done. If the jobs are not available today, we must ensure that the young people are ready when they become available tomorrow – and that we intend to do.

I indicated earlier that this is a complex matter that defies simplistic solutions. We know that, but that is no excuse to curtail our efforts. You may expect, therefore, that in the upcoming weeks, through the Speech from the Throne and the budget, the government's two major instruments of progress, further attention will be given to this vital area of life in our province.

At the risk of sounding extremely chauvinistic, I believe there are few places on the face of this earth that provide their citizens with a better life or greater opportunity than Canada, and our own province within it. Certainly, we have problems but they are not insurmountable and they do not come close to offsetting the positive character of our society. Our challenge is to tackle those problems and make Ontario and Canada an even better place in which to live.

Without question, the particular challenges that I have mentioned today are formidable ones. But if we can meet them in a united and determined manner, we will open up our country to a host of new and exciting opportunities. Now is the time for all of us to contribute to securing the future of this magnificent country. I remain, as always, optimistic about our prospects.

The appreciation of the audience was expressed by Sydney Hermant, the Senior Past President of The Empire Club of Canada.

MARCH 1, 1984

The Future of Our Constitution

AN ADDRESS BY John J. Robinette, C.C., Q.C.
BARRISTER

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished Past Presidents, members and friends of The Empire Club of Canada: It seems to me fitting, though coincidental, that our topic today – the day after Pierre Trudeau's announcement of plans to resign as prime minister – is "The Future of Canada's Constitution." For regardless of each of our political preferences or our views on what was or was not done well during Trudeau's sixteen years as our prime minister, few would deprive him of credit for his leading role in the patriation of our Constitution.

It is now almost two years since the proclamation of the Constitution Act. There are not many issues that have caused such strong feeling as this one, as the federal and provincial governments wrangled intensely over the composition of the Constitution, their relative powers, and the formula for its amendment. No constitutional case as important has been considered and judgement given by the Supreme Court of Canada, since it became Canada's final appeal body in 1949, as the judgement in September 1981 over the legality and convention of unilateral patriation of the Constitution by the federal government. The barristers involved were the best in their field – those who knew more than anyone else about constitutional law – and the man on the forefront arguing for Ottawa was John Robinette, the person regarded by many as the finest courtroom lawyer Canada has ever produced.

One of what seems to be an increasingly rare breed of Torontonians – one who was born in Toronto and has always lived here – John Robinette graduated with the gold medal, first from the University of Toronto in political science, and then in law from Osgoode Hall. He was called to the bar at the age of twenty-three and stayed on at Osgoode as a lecturer for several years, prior to entering private practice in 1932 to do litigation work, increasingly in the criminal area. One of these cases was a murder trial in the late 1940s – a women had been found guilty of murdering her husband and was sentenced to hang, and John Robinette was asked to appeal the case. Few trials have had such media attention as the acquittal, against seemingly impossible odds, of Evelyn Dick. From that point on, J.J. Robinette became a household name.

Over the next half-dozen years, Mr. Robinette defended sixteen more Canadians accused of murder before shifting increasingly toward the broader area of civil litigation and appeal work before the provincial courts of appeal and the Supreme Court of Canada – where issues of greater intellectual stimulation are more likely to arise. It is this interest in the intellectually challenging cases that moved John Robinette toward a wide variety of cases including anti-combines work, cases on behalf of citizens' groups, including those opposing the Spadina Expressway and the airport at Pickering, and also toward constitutional law. For fifteen years, he has frequently acted for the federal government, in defence of the Anti-Inflation Act, the Official Languages Act, and as mentioned a moment ago, the government's constitutional resolution.

John Robinette was appointed a King's Counsel in 1944, and was Treasurer of the Law Society of Upper Canada from 1958 until 1962. He has received honorary degrees from four Canadian universities and in 1973 received Canada's highest honour – being made a Companion of the Order of Canada. Two months ago, his appointment as Chancellor of Trent University was announced.

Ladies and gentlemen, I pointed out a few minutes ago that it is almost two years since the Proclamation of the Constitution Act. In that time, a number of questions and issues have arisen that affect the future of the Constitution and its interpretation and amendment. So it seems a very appropriate time to contemplate the future of our Constitution, and I cannot think of a better person to address us on it than today's speaker. I ask you to join me now in welcoming John J. Robinette.

MR. ROBINETTE:

Mr. President, honoured guests, ladies and gentlemen: My audacious topic today is "The Future of Our Constitution." It is perilous to predict much about the future of anything these days but I do propose to mention a few problems.

The late Mr. Justice Frankfurter of the Supreme Court of the United States said in his reminiscences, "Talking constitutionality is a professional disease, not only among lawyers, but it is also a kind of magical field of ignorance that attracts the laity. Everybody likes to talk about constitutionality." So hopefully, I may have selected a popular subject, and to carry a little further what the President said, it is a timely topic because I glanced quickly at today's newspapers and there seems to be some slight difference of journalistic opinion concerning Pierre Elliott Trudeau but I join with him in saying that if it were not for his drive, his imagination, and intelligence we would never have had the repatriation of the Constitution. He single-handedly brought home to Canada, to the Canadian people, their own Constitution, and that may survive as the greatest single event in his term of office.

My fundamental thesis this afternoon is that the future of our Constitution lies primarily with the courts and not in the process of amendment now available to the people of Canada, and I want to illustrate what I mean, first of all by discussing briefly the division of legislative powers between the federal parliament and the provincial legislatures.

The Constitution Act of 1967 conferred on the Parliament of Canada by the famous Section 91 in its opening words the right to make laws for the peace, order, and good government of Canada in relation to all matters not assigned exclusively to the legislatures of the provinces. Then, the section goes on to list, in addition to that, a number of enumerated heads of legislative power. Section 92 deals with the exclusive powers of the provincial legislatures and confers on provincial legislatures the exclusive power to make laws in relation to sixteen enumerated matters, including property and civil rights in the provinces and all matters of a merely local or private nature in the provinces. Now, that is a broad outline, but the interpretation and application of those two sections in what I call the British North America Act, now the Constitution Act, have given rise to innumerable cases in the Supreme Court of Canada and in the Privy Council, before the abolition of appeals to that body.

The Privy Council said on one occasion that Sections 91 and 92 established between the federal Parliament and the provincial legislatures "watertight legislative compartments." However, contrary to what the Privy Council said, the cases decided in the Supreme Court of Canada in more modern times show that very frequently the compartments are by no means watertight, that they frequently leak and sometimes nearly burst. Despite what the Privy Council said – and the Privy Council really didn't know very much about Canada – it is fair to say that the general approach by our courts to the Constitution Act is that it is not an ordinary sterile statute and that it should be treated as a living tree capable of growth and expansion in the light of ever-changing economic and social conditions.

The first step in determining the constitutional validity of a statute is to characterize the statute, which means – what is its true purpose and object? What is it aimed at? And what is the pith and substance of the act? Those tests are broad and flexible. Now, views may differ in various cases as to the pith and substance and the purpose of a particular piece of legislation but there is no question that the Supreme Court of Canada in recent years has exercised a range of intellectual and practical judgements based often on policy considerations as to where, in a given situation, the line should be drawn between the powers of Parliament and the powers of the provincial legislatures.

Let me illustrate this by an example. There is no doubt that the legislative power to regulate radio and television rests exlusively in the federal Parliament. In one case in 1977, the Supreme Court of Canada held that this federal power included the exclusive authority of Parliament to control the content of broadcast and television programs. In a case a year later, the majority of the Court held that Quebec legislation prohibiting advertisers from using cartoons in any advertising intended for children, whether by television or otherwise, was valid because it related to the property and civil rights of the advertisers in the province.

These two cases in relation to one field illustrate the dichotomy. Was that legislation in relation to broadcasting or was it legislation in relation to the property and civil rights of advertisers? There is always in that sort of situation an opportunity for a divergence of judicial opinion and I think one can safely say that what does influence some judges (and quite properly) is, which is the better choice, which is the more practical, the federal Parliament or a provincial legislature? In other words, in constitutional matters in the Supreme Court, the characterization of laws is an act very frequently of judicial statesmanship.

One other matter I would like to mention, while I'm on this subject, is in relation to Canada's treaty-making power.

In a case in the Privy Council many years ago dealing with labour treaties to which Canada was a party with other nations, it was held that in order to implement a treaty made by Canada as a nation, federal legislation is necessary with respect to federal fields or powers of legislation but that provincial legislation is also necessary if the subject matter happens to

John J. Robinette,
Barrister

come within provincial legislative powers. This means that today, Canada cannot make effective treaties without the consent and co-operation of the legislatures of all ten provinces because under the ruling of the Privy Council, these provinces must legislate if the treaty relates in whole or in part to provincial powers of legislation.

The last vestiges of colonialism were removed in 1982 when the Constitution was patriated to Canada. Canada is an independent sovereign state in a world of sovereign states and it is absurd that the Canadian Parliament does not have the power to legislate to effect treaties solemnly entered into by Canada with other nations. The fact is that nations will hesitate to make treaties with Canada if the Canadian Parliament cannot implement those treaties by effective municipal or internal legislation within Canada. A few years ago, the Supreme Court of

Canada indicated that it would overrule or refuse to follow judgements of the Privy Council or prior judgements of the Supreme Court when necessary with the warning that any such action would be comparatively rare. Surely, if the question ever arises, the Supreme Court of Canada will have to give serious consideration to overruling the judgement of the Privy Council in the Labour Conventions case and restore the Dominion's power to implement treaties under the peace, order, and good government clause.

Now, I come to the Charter of Rights and Freedoms. The Charter of Rights and Freedoms is part of the Constitution of Canada and the Constitution in turn is stated to be the supreme law of Canada and any law that is inconsistent with the provisions of the Constitution is, to the extent of that inconsistency, invalid. Is the Charter of Rights and Freedoms mere political decoration or is it a meaningful and salutary restraint on our legislative bodies? Is it a Pandora's box of horrors? I suggest that, if given a proper and balanced interpretation by the courts, the Charter will prove to be a desirable and effective restraint on the excesses of Canadian legislative bodies. Some unreal and ridiculous arguments have been made in our lower courts as to the effect of the Charter.

It is too early to be definitive about the effect of the Charter because the Supreme Court of Canada has not yet given judgement on several important cases coming before it. However, we do have now the benefit of some thoughtful and balanced judgements as to the scope and operation of the Charter from our own Court of Appeal in Ontario and also from the British Columbia Court of Appeal.

There was a case decided by our Court of Appeal in the last year which dealt with the requirement in the federal Juvenile Delinquents Act (that is, under eighteen or sixteen as the case may be, depending on the provincial act), that all trials of juveniles be held privately. The press were excluded. The press in Ontario decided that this section in the Juvenile Delinquents Act was bad. It went too far, it denied reasonable access. The Ontario Court of Appeal held that the right of public accessibility to the courts must be considered integral to and implicit in the guarantee given by the Charter to everyone of "freedom of opinion and expression, including freedom of the press." The Court held that the section in question of the Juvenile Delinquents Act was far too broad and was unreasonable. The Court pointed out that the section was an absolute one, giving a judge no discretion whatsoever, irrespective of the nature and importance of the case. The Court said there might be a rational basis for the exclusion of the public from some hearings of charges against juveniles but an absolute ban in all cases, irrespective of the circumstances, constituted an unreasonable interference with the guaranteed freedom of expression, including freedom of the press.

There is one more case in Ontario I want to mention, and that is the motion picture censorship problem. Under the Ontario statute dealing with censorship of motion pictures, a Board was empowered to prevent the public exhibition of any motion picture. The Act did not define any standards. There was no reference to obscenity – no reference to any standards whatsoever; it was entirely within the judgement of an appointed Board to determine whether the public should or should not see a particular motion picture. Now, the validity of that statute came before our Court of Appeal and the Court held it to be invalid. It was clearly a violation of the Charter of Rights. It empowered a Board to stop a picture for political reasons, maybe for religious reasons – maybe the Board didn't like the colour of the star's eyes. There was no standard at all so the Court said that in the absence of standards, to give a body the right at their whim, so to speak, to prevent the exhibition of a motion picture publicly was in contravention of the Charter.

There is nothing wrong, of course, with giving the Board the right and the power to classify pictures, to rate them for the advice of parents, to keep parents informed of the type of picture. I mentioned the balanced treatment by the Ontario Court of Appeal and by the British Columbia Court of Appeal and the only prediction that I would care to make about the Charter is that the Supreme Court of Canada will likely, in my opinion, exercise the same type of restraint and judicial statesmanship that the provincial courts of appeal have demonstrated.

Now, finally, I want to turn to one constitutional matter which is somewhat controversial, and it has nothing to do with the courts, and that is reform of the Senate.

At the present time, the legal position of the Senate may be outlined briefly. It is composed of one hundred and four persons appointed by the Governor General on the advice of the federal Cabinet. Twenty-four persons must come from Ontario, twenty-four from Quebec, a total of thirty from the four Atlantic provinces, twenty-four from the Western provinces, one from the Yukon, and one from the Northwest Territories. The members of the Senate when appointed hold office until they attain the age of seventy-five years. A senator at the time of appointment must be of the full age of thirty years and he or she must be the owner of real property in the province for which he or she is appointed, of the net value of four thousand dollars. He or she has to be a resident of the province for which he or she has been appointed. All of this is in the Constitution Act of 1867 as amended, and it is all applicable today.

At Confederation, the concept behind the Senate was that there should be a second legislative body of mature and solid citizens and that they be appointed as representatives of particular provinces. They were to be a legislative check on the vagaries of a popular or demagogic assembly such as the House of Commons and, in addition, the senators would represent the areas for which they were appointed as a protection against the then-overwhelming voting power of Ontario and Quebec in the House of Commons.

The Senate has been maligned and misunderstood. Although it has the legal power to refuse to accept a bill passed by the elected House of Commons, the Senate has only rarely rejected or amended in substance government bills approved by the Commons. Today, it is really a convention that they will not do so. In fact, the Senate over the years has done very useful work, particularly in its committees in proposing changes in the details and structures of bills so as to make them fairer, more workable, and understandable. The work done by the committees of the Senate is important but it does not make good copy for the media.

People are inclined to look at the Senate of the United States, which is one of the most respected political deliberative bodies in the world, as an example of what our Senate ought to be. However, there is a very important distinction between the American system and the Canadian system. In Canada, we have responsible government; that is to say, the prime minister and his Cabinet are dependent for retention of office on the will of the House of Commons. On the other hand, in the United States, the members of the Senate are elected for fixed terms and the President is also elected for a different fixed term. In short, theirs is a presidential system and not a system of responsible government.

Reform of the Senate should be approached with caution for fear of creating a situation far worse than we have today. It may be better to have an appointed Senate which by convention acts with restraint, than to jump into the possible morass of two elected bodies, both with legislative power. The only other Senate in a federal state which also has responsible government is the Australian Senate and the experience there has not been entirely happy because of the strong political conflict that may result from two elected bodies, and the fate of the government of the day depends on the co-operation of two elected bodies for continuance in office. The Australian experience would tend to show that we are more likely to have reasonable legislative co-operation between an elected House of Commons and an appointed Senate than between two elected bodies, which if the Australian experience is correct, gives rise to awesome and lengthy deadlocks. It is far better sometimes to have matters decided reasonably quickly than to survive two or three years of deadlock.

However, some amendments should certainly be made with respect to the Senate. The distribution among various areas of Canada of members of the Senate is most unfair to the West. The four Western provinces have twenty-four members – the same number as Ontario. Possibly, the three Prairie provinces should be treated as one unit and the number increased and British Columbia treated as one unit. But in all events, the Western provinces do have a quite justifiable complaint that they are under-represented in the Senate.

I think the requirement that a senator has to be thirty years of age at the time of his appointment should be abolished and reduced to twenty-one years. A few twenty-one- or twenty-two-year-old men and women would be rather beneficial for the Senate; it might do the Senate a lot of good. Of course, the requirement that a senator be resident in the province in which he is appointed cannot be changed, because the very purpose of the Senate is that the appointees for a particular province represent that province or the area from which they come. These are the obvious required amendments but before anything beyond these is done, much greater consideration has to be given to the problem of creating two elected representative bodies – if our concept of responsible government is to continue.

Mr. President, there are other interesting questions, but I am very grateful to you for the opportunity and the pleasure it affords me of having been invited to discuss with The Empire Club some of the important issues of the future. Thank you very much.

The appreciation of the audience was expressed by H. Allan Leal, a Past President of The Empire Club of Canada.

80th Anniversary Tea
March 4, 1984

The President and Directors cordially invite you to celebrate
The 80th Anniversary of The Empire Club
At a Sunday Afternoon Tea

In the Great Hall of Hart House, University of Toronto
Sunday, March 4, 3:00 p.m. to 5:00 p.m.

Welcoming remarks from the President,
Douglas L. Derry, F.C.A.,
and response from the Foundation Chairman,
Major General Bruce J. Legge, C.M.M., K.ST.J., E.D., C.D., Q.C.

MR. DERRY:

Distinguished Past Presidents, ladies and gentlemen: Welcome to our 80th anniversary celebration tea. When making plans last summer for a special event in celebration of the club's 80th birthday, we wanted to hold one which members would enjoy and which would be a little different from those that we have held in the past. Such a course of action has its risks, since there is a very direct relationship between our members' views on the event and the attendance. The attendance today speaks for itself, and we are just delighted.

However, the fact that it has happened at all, and that it has been organized in such a tasteful manner, is thanks to the work of the organizing committee and particularly the tremendous efforts of its chairman, Dennis Madden. We also appreciate the ladies who are pouring the tea today. You may not realize that you are drinking for the first time the unique "Empire Blend." Carol Jamieson of the Smith & Jamieson Tea Company has blended it especially for us, and since we knew it would be a singular success, caddies of this blend are for sale today. So, Ladies, when the Empire Blend becomes world-famous, may it be remembered that you inaugurated its first pouring!

As I mentioned, all of this has taken a tremendous amount of effort, and I ask you to join me in expressing our thanks to Dennis, the members of the organizing committee, and the ladies who have been good enough to pour tea for us today. (Applause)

It is interesting to contemplate The Empire Club eighty years ago and today. I made some brief remarks on this last November, when Joey Smallwood addressed the club, but I do so again now because there is a point that I wish to make. The club was founded immediately following the resolution of the Alaska boundary dispute in the fall of 1903. Anti-British sentiment was rampant as a result of Britain's decision to side with American aspirations in settling the dispute. Those forming the club were determined to counter this sentiment and encourage the continuance of strong ties with Britain. No small part of their motivation was the concern that in a vacuum caused by declining British influence, annexation by the United States was a distinct risk. Now this, of course, was at a time prior to the invention of television or the commercial use of radio. So it made a lot of sense that such a club be formed in order that there be a forum for dissemination of new ideas and views.

Through the years since 1903, the British Empire has evolved into the Commonwealth, in which Canada is the oldest Dominion. Through choice, its members are joined together because of common background, interests, and goals. The concerns about annexation have been replaced by cycles of worry over cultural and economic independence, and we have moved into an age of instant communications, abundant exposure to people's viewpoints on television and radio, and live telecast of events in the House of Commons.

One might well wonder in these changed times why this club still exists. And yet, our membership now is as strong as it has ever been – over 2,700 paid-up members – and attendance at our meetings is consistently high. On top of that, there are a number of people from the press at every meeting and all addresses are broadcast live and later rebroadcast on cable TV and radio. And of course, all addresses since the club's formation have been published in our yearbooks, a complete set of which is set up in a corner of this room. Each year, our yearbook is distributed free of charge to libraries across Canada and is an extremely valuable reference source.

The simple fact is that The Empire Club has, over eighty years, in spite of environmental changes which might have led to its decline, been successful in attracting an important and interesting variety of speakers to address us on topics of very current interest. On top of that, we have had the good fortune of leadership from past presidents and directors that ensure our meetings are organized in as tasteful, warm, and orderly a manner as possible.

Through all of this, I am blowing the horn of The Empire Club! But I cannot think of a more appropriate day to do so than at this party in celebration of our 80th anniversary.

Ladies and gentlemen, I doubt that it is the conventional thing to propose a toast with tea, but regardless, I ask you to raise your cups now in a toast with our own special Empire Blend of tea to the continued success and long future of The Empire Club of Canada.

Mrs. Sydney Hermant dressed appropriately for the occasion, cutting the Anniversary Cake at the 80th Anniversary Tea. Accompanying her from left to right are Foundation President Major General Bruce Legge, President Douglas Derry, and Senior Past President Sydney Hermant.

MGEN. LEGGE:

It is a great pleasure to be asked to respond to Douglas Derry's perfect presidential toast to The Empire Club of Canada, fancifully drunk in tea. This whimsy reminds me of Lewis Carroll's wonderful fantasy, "The Walrus and the Carpenter:"

"The time has come," the Walrus said,
"To talk of many things:
Of pink string and sealing wax,
and cabbages and kings."

The "pink string" is for birthday parties and gifts to little girls and represents the happiness of this 80th birthday party. I congratulate the President for inaugurating this party, which I hope will become a hardy perennial just like the Empire Ball.

The Ball was inaugurated by the Past President, Henry Stalder, a Canadian and Swiss citizen who, immediately after his presidency, became a peripatetic divigationist and is now resident in Australia.

Actually, I have recited the usual misquotation of "The Walrus and the Carpenter" because the correct form is:

> "The time has come," the Walrus said,
> "To talk of many things:
> Of shoes – and ships – and sealing wax –
> Of cabbages – and kings –"

"Shoes" imply much of what The Empire Club has listened to since 1903 – the story of a country emerging from agriculture, to manufacturing, to foreign trade. Indeed, shoes have always been particularly attractive to me as I worked my way through university by selling children's shoes at Eaton's on Saturdays and holidays. And children's shoes are the hardest to sell, not because of the children but because of their mothers.

"Ships" are a wonderful part of Canadian history. The immigrants, until after the Korean War, invariably came to Canada from all over the world by ship. Canada is famous for ships – the China clippers, the *Empress* ships, the Canadian National ships, the Cunard liners, and *Bluenose*. Fishing implies the maritimers who have always been interested in the sea, and now, by extension, it implies the offshore oil rigs. Above all, "ships" symbolizes the famous Royal Canadian Navy, which did so much in the Second World War for Canada's freedom. One of our directors, the Honourable Barnett Danson, as Minister of Defence, did his best to maintain our ships in adverse times.

"Sealing wax" is the seal which validates legal documents accepted into the statutes of our Parliaments, recalling King John's Magna Carta at Runnymede in 1215, when freedom and the protection of the law was accorded to all free men. Those freedoms have effortlessly flowed to Canadians through the Empire and Commonwealth heritage. Since 1903, The Empire

Club has heard great speakers extol the human rights, liberty, and worth of all men before the law.

As a soldier, I spent some considerable time in England during the war. But I never thought I would have something to say about "cabbages," which were the bane of all Canadians as the staple of the British war-time diet. But in Canada, cabbages are synonymous with agriculture past and present. Canadians continually discuss the production, transportation, and trading of foodstuffs, whether it be great billion-dollar contracts with the People's Republic of China, the USSR, or a hundred and one other countries. These are favourite subjects of The Empire Club of Canada.

Our Sovereign Lady, Queen Elizabeth II, the Queen of Canada, and before her, King Edward VII, King George V, King Edward VIII, and King George VI have been monarchs during the lifetime of the club. Our motto, "God Save the Queen," always appears on the facing page opposite the President's picture in the yearbook. At the time of the constitutional debate, our President, Peter Hermant, with a strong committee, submitted a clear position paper to the government for The Empire Club, and we are happy that the monarchy is entrenched in the Canadian constitution. The club has always heard speeches on the governing of the country. Every prime minister of Canada since Sir Wilfrid Laurier has spoken to the club, and we have Michael Meighen, the grandson of Prime Minister Arthur Meighen as a director. The Right Honourable John Diefenbaker spoke seven times and established the prime-ministerial record for the club. Our most memorable meeting occurred when then President, Hal Jackman, convened the class of 1957 that was the "Chief," and all the members of the cabinet.

The Right Honourable Lester B. Pearson spoke five times, and Mr. Trudeau even spoke once but that was only because of the irresistible persuasion of the Honourable Mr. Justice Potts as President.

Many of the greatest British prime ministers, before, during, or after their prime-ministership, have spoken to the club – for instance, Sir Winston Churchill, Lloyd George, Neville Chamberlain, James Callaghan, Anthony Eden, Douglas Hume, Ted Heath, and the incomparable Margaret Thatcher. Indeed, Randolph Churchill and Lady Megan Lloyd George have also addressed us. We have also heard great Empire leaders like the martyred Lord Mountbatten, Mrs. Indira Gandhi, the eloquent Prime Minister of India, and Richard Nixon, after he was Vice-President and before he was President of the United States, who gave a splendid talk on American foreign policy. Edmund Burke, in 1775, in his essay, "Conciliation with America," said, "A great Empire and little minds go ill together." We have always tried to follow Burke's advice, and great minds and voices have always graced our forum.

But the club is not just the subjects or the speakers; it is above all the President. We have had clergy; doctors of theology; moderators of churches; presidents, professors, and chancellors of universities. We have had majors, lieutenant-colonels, colonels, brigadiers, and other generals; business tycoons and professional men like surgeons and physicians; three premiers of Ontario; Conservatives, Liberals, and New Democrats; and even a Governor General of Canada as President of The Empire Club of Canada. There have been barristers and solicitors, Queen's Counsel, chief justices, and judges who have presided over us. The President has immense authority and bears enormous responsibilities. When we consider the brilliance, integrity, and burdens of being President, we ask, why have all the presidents so generously served The Empire Club of Canada?

And why do we uphold the historical name, The Empire Club of Canada? Of course, the name of the club has come down from the days of Empire to the days of Commonwealth and Canadian independence. There is no more chance of changing the name, The Empire Club of Canada, than there would be of New York State abdicating the phrase, "The Empire State," or of the "Empire State Building" renouncing its name. Indeed, that famous "Imperial Family of Canadian Companies" headed by our Senior Past President, Sydney Hermant, would never change names. Perhaps I could end on a persuasive note and urge our youngest-ever Past President, John Griffin, to become more flexible and to change his company's letters patent, "Griffin House" to "The Imperial Griffin Publishing House."

We love our name for its worth. We believe that our great forum of annually published record is renowned in the continuing evolution of the Commonwealth and of our beloved Canada. Thank you, Mr. President, for your toast to The Empire Club of Canada.

MARCH 8, 1984

The Life of a New City: Toronto, 1834

AN ADDRESS BY Dr. J.M.S. Careless, O.C.
UNIVERSITY PROFESSOR,
THE UNIVERSITY OF TORONTO

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished Past Presidents, members, and guests: With the fanfare that has heralded the arrival of this week's start of sesquicentennial celebrations of the City of Toronto, it is inconceivable that anyone present today is unaware of the event. The week started with celebrations at City Hall and a party on Monday evening, and we have in the last few days all read a number of articles on Toronto and its origins. Indeed, we have become intimately conscious of the humble beginnings of the city, and the scathing viewpoints of visitors, particularly when confronted with roads and sanitation which were not considered to be up to the standard of the day. The city leaders were certainly conscious of the problems – though possibly not at that time in a position to fully address them – when they decided to change the name from York to Toronto. Indeed, as stated by Mr. McLean, then speaker of the Legislative Council, "The adoption of such a musical name [as Toronto] was a means by which the inhabitants would not be subjected to the indignity of residing in a place designated *dirty little York*."

Indeed, when we look at our fine buildings and streets, the cultural attractions, and the many other features that make this city such a pleasant one to live in, it is hard to appreciate what the city might have been like in 1834 and what sorts of lives its inhabitants led. For this reason, we thought you might find it interesting to hear a little about life in the new city of Toronto in 1834. It is, in fact, a double pleasure for us, for we are not only to hear about a subject of considerable interest at this time, but we are also to hear about it from one of Canada's most highly respected historians.

Maurice Careless graduated from the University of Toronto in 1940 and went on to Harvard to do graduate work. His studies were interrupted by service in the Canadian naval service and the Department of External Affairs during the war, but he joined the Department of History at the University of Toronto in 1945 and completed his doctorate from Harvard several years later. Dr. Careless became a full professor at the University of Toronto in 1959 and was department chairman from that time until 1967. Since 1977, he has been "university professor," which, as was mentioned when we introduced Dr. Frye, is a particular honour in that he is a professor of the university as a whole, and not attached to one particular department.

Professor Careless has published fourteen books on Canadian history and numerous articles. Two of the books – *Canada, Story of Challenge*, published in 1953, and *Brown of the Globe: Statesman of Confederation*, published in 1963 – won the coveted Governor General's Award. The fact that Dr. Careless, the authority on George Brown, is addressing us this week is additionally timely, since I noted in Monday's *Globe and Mail* that this is the week of the 140th anniversary of the *Globe*. Dr. Careless's newest book – to be published this sesquicentennial year – is *Toronto to 1918*.

Dr. Careless has been involved in a large number of activities and is currently Chairman of the Historic Sites and Monuments Board of Canada. He was also for five years Chairman of the Multicultural Historical Society of Ontario and a member of the Ontario Commission on Post-Secondary Education. It is not surprising that he is the recipient of numerous awards and distinctions, including being made a Fellow of the Royal Society of Canada in 1962, receiving honorary doctorates from several universities, and being made an Officer of the Order of Canada in 1981.

Ladies and gentlemen, please join me in welcoming Dr. J.M.S. Careless to address us on "The Life of a New City: Toronto, 1834."

DR. CARELESS:

Joseph Binks of His Majesty's Sixty-sixth Regiment well remembered March 6, 1834. "The day when Little York became the City of Toronto was a grand one. The town was very gaily decorated, and everybody kept holiday." The young bandsman from Ireland's County Mayo was then serving here in the garrison, and as the only band in town, his unit was in great demand to help the beaming citizens celebrate the proclamation of their new municipal existence. "There was no competition," said Binks, "and we had to be paid liberally. Three dollars a man. . . ." Be that as it may, the band, he added, "was out all day, and in the evening we went up to Sir John Colborne's [the Lieutenant-Governor] who gave a grand dinner there. Ah! no one thought that Toronto would become the city it is. It was a dirty little place at the time. . . ."

It was fifty years later that Binks thus recalled that first day of cityhood. By that time, he dwelt in a built-up Toronto of railways, factories, gaslight, and horse-drawn streetcars. Today, one hundred and fifty years since our civic birthdate, in a metropolis of vastly greater complexity, we again find cause to celebrate the anniversary of 1834, and wonder what it was like to have lived here then, when small Muddy York was incorporated as the aspiring new City of Toronto. And this gives me my own means of celebration; taking us back to the way we were at the opening of our civic career.

Of course, when Toronto obtained city status, under an elected municipal government of its own, it had already had a previous existence as the Town of York since 1793. Begun originally as a British garrison base beside its sheltered harbour, and soon made capital of the new province of Upper

Canada, this tiny governing centre developed a commercial life as well. Merchants, craftsmen, and innkeepers gathered there to supply the needs of York's garrison and officialdom; and particularly to serve the trade and traffic starting to flow by way of Yonge Street, the capital's key route inland, where farms and settlements were spreading into the forests. During the War of 1812, when still not much more than a village, it was twice raided and looted by American forces. But afterwards, it began to grow more rapidly, as mounting waves of settlers flowed into Upper Canada from the British Isles.

As this migration tide pushed out frontiers and greatly enlarged markets, York's business enterprises climbed in number and scale. In fact, by the early 1830s, a veritable commercial boom was sweeping the town, while its banking and insurance operations multiplied also. British immigrants, workers, businessmen, and professionals flocked in. New houses, stores, and public buildings went up apace. And York's population more than tripled between 1827 and 1833 (roughly from eighteen hundred to six thousand), making it by far the largest urban place in Upper Canada. At the same time, the growth years sorely strained its old local administration under appointed district magistrates (it had no municipal powers of its own), raising sharp problems of finances and services for this expanding urban centre – but equally raising confident hopes of progress if it gained municipal incorporation as a city. Hence, in 1834, that change was accomplished.

An act of civic incorporation went through the provincial parliament in February, to take effect on March 6. Among other things, the act adopted the older, Indian-derived name for the locality, Toronto, thereby getting rid of the demeaning label "little" in front of York, which the town had inevitably had stuck on it to distinguish it from more notable Yorks in England and the United States. More importantly, the incorporated city got its own elected municipal government, with corporate financing powers. And its boundaries were much enlarged, reaching from the harbour all the way north to present Bloor Street, to the Don River on the east, and to what is now Dufferin on the west. The outer reaches of this civic territory then were virtually unoccupied, and constituted the "city liberties," which could be organized within wards as population spread. Five wards each electing two City Council members were set up for the settled core area. They ran only from Parliament west to Bathurst, north scarcely to modern Dundas, and at that held some pretty empty fringes. By mid-1834, the new city included some ninety-two hundred inhabitants, though some of these increased numbers were due to its expanded bounds. Still, Toronto was building out steadily. Aside from this, it was the first incorporated city in the province, and its wealthiest and fastest-growing urban centre.

Such a ranking did not make it a London, Paris, or New York. Toronto in 1834 was very much a frontier boom town; raw, messy, and mucky, with practically no sewers or water system, surfaced streets, or even sidewalks. It was half-built, gappy, and considerably unsorted. Log and board shacks, blacksmith shops, and cow barns were jumbled in with stores and residences quite freely. The main travelled streets were mud tracks for part of the year, dustpits for much of the rest. Street lamps (oil, before gas came in, in the 1840s) were few and flickering. Pigs rummaged in street garbage; cattle got loose to trample gardens in spite of efforts at control. Privies stood in every backyard. Smells were compounded by new soap factories rendering animal fats at the harbourfront, by the large tannery of Mr. Jesse Ketchum on low-value backlands near Queen and Yonge, and by many other sources of undisposed refuse. About all that Toronto dirt lacked was the soot that later steam industry would bring. And that was coming too, for by 1834, two iron forges were steam-driven, while steam engines were being built in town for use in mills and steamboats.

Yet there were far better aspects to the city. It had some substantial public buildings and a fair number of dignified private homes. On central King Street in particular, new brick store blocks were going up, lining this chief east-west artery and knitting together the city's commercial core. Elsewhere, too, terraced rows of well-proportioned town houses were being developed, a sign that urban residential living was taking hold in a former rustic village. The water carts, the warehouse wagons, the stagecoaches jolting out for the Kingston or Dundas highways, or up Yonge Street right to Holland Landing, may have churned up the unpaved streets, but they marked a bustling town life also.

Above all, there still was space – for flowering gardens of the gentry or vegetable plots of the humble – and the open country itself was within easy reach. The sandy peninsula which protected Toronto harbour from the lake (and which would become the Island when storms in the 1850s broke through its neck) was a wilderness liberty of bush and trees: a prime place for fishing, boating, riding, or just roaming. Furthermore, thanks to the small size and limited density of this Toronto, there were no jam-packed, unhealthy tenements for the masses. Working people more generally had their own cottages, many toward the outskirts; and if most of these homes were rented and the worst mere shanties, they were separate family dwellings. Only the poorest, largely impoverished, immigrants had to crowd into rooms in older, declining houses, from which those who could soon moved on.

Altogether, if the new city was not a great metropolis, to the bulk of its inhabitants it offered a huge improvement over bush cabins, starvation Irish hovels, bare Scottish crofts, or the dreary, huddled life of English factory towns. In the main, too, it was vibrant, essentially healthy, and blithely optimistic. Advances would surely come – and they did. But enough of these generalities. It is time to take a closer look at the Toronto scene in 1834, by scanning the living, working city as a visitor would have found it on arriving there that year.

You would travel in by lake (we hope on a mild, sparkling spring day) as a passenger on a well-appointed steamboat like the twin-engined, Toronto-owned *Cobourg*, which could do fifteen miles an hour. The tall, stone lighthouse of 1808 on the western tip of the peninsula points the way to the harbour. You steam in past the defending garrison at the entrance and on to Toronto Bay. The garrison, with its mounded earth and wooden ramparts, looks a bit run-down after twenty years of peace, though loyally British Torontonians have not forgotten the American attacks of the War of 1812. Beyond the fort, there is still an expanse of empty land along the western bay shore, before the city is reached further up the harbour. This is part of the original Garrison Reserve tract set out in 1793, but town growth has already cut into it, and more will be taken as Toronto spreads westward. Soon you come opposite an outer scattering of suburban residences set in planted estates, then you glimpse the General Hospital off John Street; and now the built-up western section of the city rises before you.

Mansions and gardens front on the glistening water. You note the new provincial Parliament Buildings, completed in 1832, which occupy a square on Front Street between John and Simcoe: three formal, but plain, two-storeyed blocks of Georgian red brick. Behind them, amid trees, stand Government House in pale green stucco and the solid brick clumps of Upper Canada College, occupied in 1831 by that government-endowed academy for sons of the elite. This prestigious western town sector, which might be termed "government Toronto," has plainly drawn much of top official society. It displays such affluent homes as "The Palace" of John Strachan, the Anglican archdeacon, later bishop, who is an imperious force in both church and state; or stuccoed Holland House, erected by Attorney General Henry Boulton in 1831 as the first local venture in the new Gothic Revival style. But now your vessel is passing the foot of lower Yonge Street to dock at the steamboat wharf at the bottom of Church. And you have arrived at the central core of the community.

Standing on the upper deck, waiting for a medley of immigrants below to get their children and goods ashore, you look out on a waterfront of scurrying small craft and laden schooners, rough store-sheds and workshops, baggage, barrels, and carts. Above the shore-bank on Front looms the four-storey

Historian Dr. J.M.S. Careless with Club Director Nona Macdonald.

North American Hotel topped with a roofwalk, and behind, the impressive bulk of the new St. James' Anglican Church, put up in stone and brick in 1832, which neighbours the not-quite-finished St. Andrew's Presbyterian Church, neither yet crowned with their steeples. Past these structures to eastward the City Market extends, a stretch from Front Street back to King and east to Jarvis in which stands the recently erected, roomy, red-brick Market Building. This holds offices, shops, and stalls and, since incorporation in March, houses City Hall as well. You will readily discern that, what with the public market and municipal headquarters, the two leading city churches, and the main mercantile domain that centres up on King Street, this central sector clearly focuses the civic and business life of the new city.

Gazing further eastward, you view the Old Town, the initial Little York plotted out in 1793, which runs merely from George Street east to Berkeley. By now, this eastern sector is somewhat in decline, a place of worn little back-street wooden houses affording low-price shelter for poorer inhabitants. Yet it still has a line of older white-painted mansions on Front commanding the lake, and some other significant edifices. These include the elegant, Georgian brick townhouse built on Duke in 1822 for the Chief Justice, Sir William Campbell (he died this January), and the august premises on George of the powerful Bank of Upper Canada, which is so closely tied to the ruling set of provincial officials, the so-called Family Compact, that it is dubbed by Reform opponents the government's "pet bank."

East beyond the Old Town limits you see little growth as yet, for this is a scrubby, dank area, which does not invite much more than outskirt shacks with cabbage patches, in a district later to be disparaged as "Cabbagetown." Moreover, as the Don is neared, low, soggy wetlands spread still more widely about the eastern end of the harbour. None the less, here stands a newly added Toronto landmark, the towering windmill put up to grind grain for the millers James Wort and William Gooderham, brothers-in-law who came out from England in 1831–32. By 1834, their wind-driven mill has already been superseded by a locally made steam engine; but their firm will grow to major size in Toronto – especially after it takes to the distilling business in 1837.

Other little milling and manufacturing enterprises, you learn, are located further up the water pathway of the Don. But now you head ashore, to probe Toronto inward for yourself. You go up past warehouses around rutted lower Yonge, past the busy shopping area of King, spreading now on to Adelaide above, and so come to Queen – or "Lot Street" as it will remain into the 1840s. The name derives from the park lots laid out from this base line in 1793 and extending to Bloor: one-hundred-acre strips for gentlemen's estates and, not least, to grant to government officials. These holdings now belong to Toronto's dominant families, such as that of John Beverley Robinson, the most capable member of the Tory Family Compact, or Judge D'Arcy Boulton, whose own park lot, you discover, features a stately brick suburban residence, The Grange, set well west of Yonge and north of Lot. Still further out northwestward, you reach the country seat of Dr. William Baldwin, a wealthy city landowner, physician, lawyer, and architect combined – but more remarkably, a Reform political figure, not a Compact Tory, despite his elite social ties. Dr. Baldwin calls his hillcrest retreat "Spadina," the Indian word for hill, he explains, while hospitably greeting you on your visit. From this pleasant house he designed himself, the doctor looks down from wooded heights that rise behind the lakeshore plain on which Toronto lies, to plan house-lot subdivisions to develop along Spadina Avenue, the broad roadway he has laid out through his estate north from Lot Street (which we will call Queen again hereafter). His lawyer son, Robert, is already working on the family properties, and has entered Reform politics also. More than that, this young reserved Toronto patrician has recently shared in drafting the city's set of incorporation; and as a Reform provincial premier in the next decade, Robert Baldwin will succeed in bringing responsible self-government to Canada after more radical Reformers have signally failed.

You return to Queen, observing that urban building has already reached into the park lots just west of Yonge, where a neighbourhood of unpretentious planked or rough-cast cottages extends north from Queen: Macaulaytown, subdivided out of the estate granted in 1797 to the army surgeon, Dr. James Macaulay. West from here, on Queen's north side, there stands an imposing brick edifice, Osgoode Hall, built in 1829 on land sold from Beverley Robinson's park lot to house the Law Society of Upper Canada. Beyond Osgoode Hall, wide College Avenue (future University Avenue) opens northward to the lands of the provincial university, chartered since 1827. But as that institution will not even get its cornerstone laid till 1842, this handsomely landscaped roadway remains largely empty, as Spadina Avenue similarly does further westward.

In the other direction, east from Yonge on muddy Queen, there is little to be noted. Rosedale, the country villa of Sheriff Jarvis, lies well to the north. About all you will see to admire is the park-lot home, Moss Park, an opulent classical residence standing above Queen near George, which belongs to William Allen, the President of the Bank of Upper Canada and Toronto's richest capitalist. This effectively marks the northeastern edge of occupation; for the deep course of Taddle Creek and its swampy outflow, the Meadow, thus far have blocked the opening of Queen on eastward to the Don. The Taddle will not be buried in sewers till the forties. And the whole obvious community need for such public projects turns us back downtown to assess municipal activities in the new city.

The municipal regime, which began operations following the first civic elections late in March, was surely intended to provide better urban services in sewerage, street improvement, police and fire, refuse control, and more. Hopes were high when Reform apostles of progress won twelve places in the new City Council to eight firm Tories, and when this Reform majority duly chose as mayor from its numbers Mr. William Lyon Mackenzie, dauntless editor of the hard-hitting *Colonial Advocate*, and a leading radical Member of Parliament. Yet, in the intense political partisanship of the day, the two sides have done nothing but quarrel in Council meetings. Nor has the hot-tempered, red-wigged Mayor promoted much peace and light; especially not when he uses his power to have a belligerent Tory alderman thrown out forcibly. Important standing committees of council have been set up, and they are getting plank sidewalks laid. But sewer-building is not proceeding; finances have been poorly handled, and a public protest is rising over tax rates. The last, indeed, will bring tragedy in July, when in an angry mass meeting over taxes at City Hall an overcrowded balcony collapses. It hurls protestors down on the market stalls below, killing five and injuring fifty, some being impaled on butcher's meathooks.

Worse disaster will come in August, as cholera sweeps Toronto. Over twenty-five deaths a day occur by mid-month.

The General Hospital and other hastily acquired quarters are crammed with sick and dying; a temporarily appointed Board of Health can do little in the current state of medical knowledge. Five hundred will die in the small city before the epidemic lifts in the autumn. The mayor himself is stricken but survives. These grim occurrences can scarcely be held against the city government, but for the rest of its term, till year's end, it goes on fruitlessly squabbling and sinking deeper in debt. Thus, in January 1835, the voters will put in an all-Tory Council, led by Mayor Robert Baldwin Sullivan, a conservative nephew of Dr. Baldwin, and this second regime will at last take up sewer construction. The first has not inaugurated municipal life very gloriously; though Mayor Mackenzie himself should not be overblamed. In his one chance in office he has faced situations and opponents about as obdurately difficult as he is himself. Still, three years hence, he will be leading armed radicals down Yonge Street to seize the ungrateful city in the Rebellion of 1837 – which will collapse in utter confusion. Toronto's tempestuous first mayor and its most celebrated rebel proves pretty consistent in behaviour, it appears.

Yet there is more to the city's life of 1834 than hot politics, hopeful development, or thriving business. It has its leisure side and cultural concerns as well. Thanks to the natural expanses around it, fishing and hunting not only help stock the larders, but are popular pastimes too: wild turkeys can be shot along the Don right into the 1870s. Then there is winter curling and skating (no hockey yet), summertime horse races, cricket, and bowling. Well beyond these is social drinking: in major hotels like the North American and the Steamboat, in taverns such as the Bluebell on Queen, the Greenland Fishery by the Parliament Buildings, and others too numerous to mention – along with illegal, shifting little grog shops that the city's High Bailiff and his few policemen can never manage to remove. Bandsman Binks of the Sixty-sixth happily remembers one of these, a favourite soldiers' resort, "The Devil's Half-Acre," where a gallon of whisky can be had for a shilling.

Theatre is popular also, if of doubtful quality; it is usually presented by travelling actors to well-lubricated, rowdy audiences in hotel ballrooms, at City Hall, or even in tents. Sometimes the stage offers Shakespeare; but also, as at the Steamboat Hotel in October, it may be "The Extraordinary Exhibition of the Industrious Fleas," or, in a tent behind the jail in July, a mighty presentation of the Battles of Waterloo and New Orleans – with extra charge to see the boa constrictor. Higher sorts of social activity certainly include consistent churchgoing, to St. James's or St. Andrew's, to the Catholic church out Queen East or the Methodist chapel on King West. Then there is the Mechanic's Institute, founded in 1831 to bring useful knowledge to ambitious artisans, but which chiefly attracts more affluent citizens because of its growing library and enlightening lecture series – like that of 1832 on the "sublime truths of science." The Institute has 140 members by 1834; from it will grow Toronto's Public Library. Early in 1834, moreover, the Society of Artists and Amateurs has held the city's first public exhibition of paintings (196 in all). Musical concerts and choral groups, the Horticultural Society and temperance associations, have other appeals. And at the Commercial News Room, which displays Toronto's seven lively newspapers, the businessmen who gather there will launch the Board of Trade that October. Whether all these doings are highly cultural or not, the city plainly does much more than live by bread alone.

And here we must leave it. At a lake harbour which in 1793 displayed only waterfowl, empty woods, and a few Indian fishing encampments, a vigorous urban community has reached full life by 1834. Ahead lie a hundred and fifty more lively years of Toronto's growth – which today we commemorate by recalling how it was when the new city began.

The appreciation of the audience was expressed by BGen Reginald Lewis, a Past President of The Empire Club of Canada.

MARCH 15, 1984

The Trust Industry: Meeting the Competitive Challenge

AN ADDRESS BY Alan R. Marchment, F.C.A.
CHAIRMAN, TRUST COMPANIES ASSOCIATION OF CANADA, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
GUARANTY TRUST COMPANY OF CANADA

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished Past Presidents, ladies and gentlemen: The last several years have produced, at a dynamic pace, increasing innovation and variety in services provided within the financial sector. As a response to the varied and complex needs of consumers, this is a positive commentary on the functioning of this part of our economy. However, as these needs and opportunities develop, there is increasing frustration and disagreement among our traditional "four financial pillars" – banks, trust companies, insurance companies, and investment firms – frustration over legislative lethargy and disagreement over their respective roles, as each group jockeys for position in an environment of uncertainty and as distinctions become increasingly blurred due to new areas of opportunity overlapping the traditional areas of responsibility.

One need only look at a few recent developments:

- We are seeing banks moving into traditional investment industry territory with the offering and promotion of securities transactions through discount brokers, and as more recently announced by one bank, into the field of self-directed Registered Retirement Savings Plans – until now the preserve of trust companies and investment firms.

- Trust companies have found that a traditional strength in mortgage lending was eroded after banks were permitted more fully into that area in 1967, and they have been unsuccessfully lobbying ever since to have their sharply restricted lending activities broadened in order that they may compete on a more uniform basis.
- Life and health insurance companies are not satisfied with selling only protection. They want to expand into new areas such as trustee services, loans to clients, equipment leasing, and the issuance and redemption of government bonds.
- Of course, investment companies are not sleeping either. Some of them are going into banking-type services, including the sale of no-load funds specializing in money market instruments.

So each group is attempting to expand its sphere of activities, while legislation remains outdated and little evidence exists of its getting early attention. Although the Bank Act was recently revised, trust and loan company legislation, after some seventy years of patching, seems doomed to continued uncertainty, while hope by insurance companies for expanded powers after some fifty years may only be a fond dream. The appointment in January by the Minister of Finance of an advisory committee on financial institutions to study the whole system is felt by many to be just another way of avoiding the issues until after another election.

In the midst of these quickly changing times, we are pleased to be addressed by the chief spokesman of one of these groups. Alan Marchment graduated in Philosophy from the University of Toronto and qualified as a Chartered Accountant in 1955. Over the next ten years, he held increasingly senior positions in industry, first in Toronto and then in Los Angeles and Paris, prior to joining Eaton's, where he rose to the position of Vice-President, Finance. In 1973, Mr. Marchment joined Guaranty Trust Company as President and a director, becoming Chief Executive Officer in 1975 and Chairman in 1979. Since 1977, he has also been a director of Traders Group

Limited, becoming Chairman and Chief Executive Officer in 1979.

Mr. Marchment has a wide variety of interests and at various times has served as Chairman or President of the Toronto Symphony, the University of Guelph, The National Club, the Gage Research Institute, and the Hincks Treatment Centre. He has also served on the boards of the Toronto Western Hospital and the Canadian Institute of Chartered Accountants. In addition to his responsibilities as Chairman of the Trust Companies Association, Mr. Marchment is currently Chairman of the Toronto Symphony Foundation and is a member of the Council of the Board of Trade of Metropolitan Toronto. Most recently, Mr. Marchment has become a director of Metro International Caravan.

Alan Marchment has demonstrated his broad interests and abilities in many areas. I am pleased to welcome him today to address us on "The Trust Industry: Meeting the Competitive Challenge."

MR. MARCHMENT:

Mr. Chairman, fellow members, distinguished guests, ladies and gentlemen: It is an honour for me to address you today. I have selected as my topic, "The Trust Industry: Meeting the Competitive Challenge." Right now, the market for financial services is undergoing substantial change, which is both disruptive and frustrating for the trust industry. Competition is intense across a wide range of services among the giant chartered banks, the new foreign banks, the sizable insurance companies, the brokerage business, the credit unions, and the trust companies. Everyone, it seems, is scrambling to harvest some of the golden apples in other's historic orchards. That's fine, if you believe in unfettered competition without the indignant accusation of unfair trespass. But there's one problem. The government is, if you wish, the estate manager deciding who can enter the orchards, and how many apples they can pick. That's fine too, if everyone has a fair chance. But everyone does not.

The Canadian-owned trust industry is being excluded from the orchard, from doing for Canadians what it is quite competent to do – provide a wide range of consumer and business financial services. The main stumbling block is the continued postponement of new federal legislation.

What I would like to do today is provide some historic background on the Canadian trust industry and its importance to the nation, discuss the rapidly changing market place for financial services, and focus on the need for new legislation that will permit the trust industry to meet the competitive challenge.

First, let me put the industry in historical perspective. The origin of Canadian trust companies as both trustees and financial intermediaries stems from two different roots. Prior to Confederation, only an individual could act as a trustee, since a corporation was deemed to have neither a conscience nor a sense of personal responsibility. In the late nineteenth century, however, the growth of commerce and wealth led to the need for professional organizations with a perpetual capacity to provide diversified services as executors, trustees, and agents.

Corporate trustees were first permitted in Ontario in 1872, although the first trust company did not become operational until the 1880s. Comprehensive legislation for the incorporation of trust companies was enacted in 1897.

Today, trust companies are the only corporate entities in Canada which are empowered to act as trustees in managing the assets of personal estates, pension and deferred benefit plans. Trust companies also act as corporate trustees for bond and debenture issues, and as stock transfer agents. These services form the fiduciary and agency side of our business.

We are required to act with fidelity and diligence. And we do. While there have been scandals involving a very few companies, it is a firm fact that the Canadian trust industry as a whole has proven time and again that it has earned the confidence of Canadian individuals and corporations. We are, then, a responsible industry with a long track record of dedicated service to Canadians as trustees.

On the financial intermediary side, trust companies can trace their roots to building societies, which were established in the last century to help the early settlers raise capital to construct houses. Later, they evolved into loan companies.

Significantly, trust companies are not restricted solely to the trustee business. The industry has quite naturally expanded into financial intermediary, or deposit, services. In fact, its role in the financial intermediary field was formally recognized as long ago as 1912, when Ontario merged its Trust Companies Act and Loan Corporations Act into a single statute. That 1912 legislation enabled the industry to accept money as trustees for investment and, in 1921, to accept deposits for investment as trust funds. Later, we were allowed to issue guaranteed investment deposits with fixed rates of interest.

Today, our financial intermediary services involve the raising of deposits through guaranteed investment certificates, savings and chequing accounts, and demand deposits. In this respect, we act much like a chartered bank.

From the beginning, we were – and continue to be – closely regulated by governments in terms of our capitalization, the protection and management of clients' assets, and our borrowing and investment powers. We are required to invest two-thirds of deposits in residential mortgages and other quality assets, such as government bonds and securities. We are severely restricted in doing much else, especially in making consumer and commercial loans. We have lower debt-equity ratios than the banks, and we are required to maintain significant liquidity reserves. Because of our mandated involvement in residential mortgages, many trust companies have branched out further in real estate sales and management. So, as you can see, the industry has had an extensive, steady, and natural evolution from its original trustee base into deposit services and real estate services.

In recent years, the industry's estate business has generally become less profitable. It is complex and labour-intensive, demanding considerable professional expertise. Our response to this has been increased education to upgrade staff skills and the installation of sophisticated computer systems to further enhance productivity and profitability. Because of our fiduciary responsibilities, we impose on ourselves high standards of professional conduct. We have a special faith with the public. Besides being a responsible industry, we are an important one that is essential to the financial fabric of this country.

In 1982, there were seventy-seven trust companies in Canada. They administered assets exceeding $128 billion, consisting of $40 billion in intermediary assets and $88 billion in estates, trusts, and agency funds. These figures suggest we are big. But size is relative. In fact, the intermediary assets of the entire trust industry are less than those of Canada's fourth-largest chartered bank. We are, therefore, hardly a threat to the established banking order, although we are flattered that many bankers seem to think we are. We are also Canadian-owned and a major employer, with a work force exceeding thirty-six thousand people in our trust, intermediary, and real estate operations from coast to coast.

This background on trust companies as a substantial industry brings me to the pivotal issue: meeting the competitive challenge. Being competitive in any business means keeping pace with – and bringing about – change. In recent years, the whole field of financial services has undergone dramatic alterations.

The lines are becoming increasingly blurred among the so-called "four pillars" in the financial services field – the banks, trust companies, insurance companies, and investment dealers – as a result of consumer demands.

Beginning with the 1954 Bank Act revisions, the chartered banks, with their enormous resources, have expanded massively into new terrain. Today, they have 68 per cent of the consumer lending market and a 22 per cent share of the residential mortgage market. They are now making inroads into the registered retirement savings and brokerage businesses. The banks have responded to the underlying demographics – the coming of age of the post-Second-World-War "baby boom" generation. The foreign banks have established themselves as a new source of commercial loans, and seek further room to expand. The insurance industry, another sizable entity, is seeking fiduciary powers to compete directly with the trust industry, as well as to enter the intermediary and brokerage fields. Similarly, the trust industry wants to expand its investment and lending powers to consumers and business in order to meet growing and changing demands in Canada for financial services. Credit unions want to expand their savings and loans services, and brokers want more flexibility in offering various financial services. All of this is good, if it results in more competition of benefit to the Canadian economy, and if all sectors of the financial community are given a fair chance to compete with each other on equitable terms.

In fact, modern technology – such as telecommunications systems, credit card systems, electronic funds transfer systems, and on-line data processing – makes it feasible to create an integrated financial services supermarket that not only bridges traditional sector boundaries but international boundaries as well. Marshall McLuhan's global village is very much an electronically wired reality in the financial field. Financial supermarkets already exist in the United States. They would exist in Canada too, if natural market forces were not impeded by the overlay of strict federal and provincial regulations.

To be a player in the Canadian marketplace, you need a score card and a set of rules issued and approved by governments. In 1981, the chartered banks and foreign banks received the necessary legislation to permit them to expand their services and market shares. It is interesting that the banks have their charters reviewed and expanded every ten years, while federal trust company legislation has not received a similar overhaul in seventy years.

The trust industry has been waiting since 1976 for new federal legislation, which exists in draft form. It was introduced two years ago, only to be withdrawn and delayed again. Late last year, the finance minister advised that legislation will not be introduced until after the next election. That means we have been benched as a competitive player until probably 1986. That, for us, represents a lost decade of potential growth. We think this is unfair not only to us but to Canadian individuals and firms who want to do business with us.

There is no dispute that greater and more equitable competition among financial intermediaries is in the best interests of Canada's economic future. Nor is there any dispute that trust companies have the experience and competence to expand their banking services.

Unfortunately – and this is the nub of our competitive difficulty – our industry is handcuffed to an outdated investment notion. As I mentioned earlier, we are required to invest the deposits we raise in certain assets, mainly residential mortgages. Historically, trust companies were the principal source of residential mortgage funds among private lenders.

In recent years, this has changed. The 1967 Bank Act empowered chartered banks to make uninsured residential mortgage loans. With seven thousand branches across Canada, they had the resources to move fast and deeply into the business. Today, the banks account for about half of all new and renewed residential mortgage loans. They have virtually taken over a market traditionally serviced by trust companies, not because they are any better at making mortgage loans, but because of their sheer size.

Our competitive challenge is made more difficult because the rate of increase in the residential mortgage market has slowed down considerably. Government studies predict further decline throughout the remainder of this century because of the greying of Canada. Consequently, we find ourselves in the position of competing with the banks and others in a shrinking market. At the same time, various forecasts indicate a growing need for investment funds by business firms.

We are, therefore, asking the federal government to do two things: first, to recognize a simple market reality beyond our control – that the opportunities for investing in residential mortgages are vanishing for demographic and other reasons.

Alan R. Marchment, Chairman of Guaranty Trust Company and the Trust Companies Association, with First Vice-President, Catherine R. Charlton

We have recommended that the requirement that we must invest in residential mortgages and other quality assets be reduced from the present two-thirds level to a more acceptable 50 per cent level. Second, we are asking that we be granted broadened investment opportunities, specifically in consumer and commercial loans.

Currently, a trust company is allowed to make consumer and commercial loans not secured by real estate up to a maximum of 7 per cent of their book value of assets, under the so-called "basket clause." Our industry's record of credit losses is far superior to that of the chartered banks. In 1983, the chartered banks' loss ratio was approximately 1.22 per cent, versus only 0.22 per cent for trust companies. Trust companies have limited, if any, exposure to foreign credit risks. Our performance is also better in terms of non-productive loans. This is despite the fact that we must take our losses in the years they occur, while the chartered banks are allowed to average their losses over five years. There is, therefore, no question about our competence as a commercial and consumer lender.

What we are seeking is permission to engage in commercial lending to all types and sizes of Canadian business enterprises, within certain bounds. We have recommended that commercial lending be allowed to at least 15 per cent of the book value of total assets for short-term working-capital-type loans, but that there be no restriction on making term loans, or engaging in syndicated loans and financial leasing. This request certainly poses no threat to the banks. How could they possibly be frightened by new competition from an industry which has total intermediary assets of only $40 billion, compared with their $350 billion? How could they possibly feel threatened by an entire industry which, under our proposal, would have the potential to make only $5.1 billion worth of commercial loans, compared with their already-existing $74 billion business loan portfolio? In terms of relative size, it would be like the United States fearing a takeover of its economy by Canada.

Besides, it should be remembered that the banks have tremendous scope for growth. They are empowered to do virtually anything they choose, except those things which are specifically prohibited. For trust companies, it's the other way around: we can only do what is specified in legislation. Furthermore, our assets and liabilities are more extensively and completely regulated than those of the banks.

Nor does our reasonable proposal threaten the new foreign banks. They already have the right to average outstanding total domestic assets of 8 per cent of total domestic bank assets. This means they can lend Canadian firms nearly $17 billion – more than three times the level we are requesting. Now, they are asking for even greater commercial lending powers. We think the foreign banks should compete in the commercial lending business. What strikes us as totally unfair is that the foreign banks are being given a long head start in staking out a generous market share while we, a Canadian-owned industry, are left in the starting blocks, because the government hasn't got time to deal with our legislation until after the next election.

We also seek the opportunity to diversify our asset mix into the consumer loan field, where we have considerable experience and an exemplary track record. Canadians expect trust companies to have the ability to meet their financial needs. They consider us as a banking alternative on both the deposit and the loan side. It makes eminent sense that legislation now acknowledge this market reality too.

All of this would, belatedly, put us on a more equal footing with banks – although one cannot resist noting the difference in shoe size between the five banking Goliaths and the dozens of little Davids in the trust industry.

Other concerns have been raised about the viability of the trust industry in the wake of the Crown Trust–Greymac–Seaway Trust affair. That unfortunate situation in no way indicates the reputation and strength of the industry, anymore than troubles within a small bank would reflect adversely on the banking community.

The Ontario government has made a considerable effort to study the trust industry. Some of its conclusions are quite revealing. It rejects a total restructuring of the industry as well as imposing ownership restrictions on trust companies, recommending instead a need to clarify and toughen conflict-of-interest rules and management standards. Specifically, the White Paper says:

> The possibility of a majority shareholder putting personal interest ahead of fiduciary responsibilities can probably be more effectively dealt with by specific conflict of interest amendments rather than by absolute limitations of ownership.

The Ontario study points out that if a 10 per cent ownership restriction were imposed on the dozen major trust companies, it would necessitate raising up to $3 billion in capital to accomplish a change that would almost certainly weaken, rather than strengthen, the underlying capital bases of the firms affected.

The issue, then, is not ownership but resolving conflicts of interest. An interesting point is that trust companies are prohibited from making loans to their directors and officers, or their affiliates. If I want to borrow money, I have to visit a bank. A bank director, however, can borrow from his own bank for personal and business purposes.

Essentially, the Ontario White Paper recommends that the performance of trust companies, and the resolution of conflicts of interest, can be achieved by enhancing the powers and accountability of external advisers, lawyers, auditors, and valuators. It also proposes that regulations be established for ensuring that liabilities and assets are properly matched to preserve financial stability. The Ontario White Paper supports the necessity for greater competition in providing individuals and businesses with needed financial services. It believes we should be given more scope to make commercial loans with prescribed limits on loans to any one borrower. The White Paper states:

> Provision should be made to broaden and extend investment and lending powers as capital base, borrowing multiples, and financial and other resources are expanded and to give maximum investment powers to trust corporations with proven resources, management, and experience.

The competitive challenge now is to enlarge the scope of services we can safely and competently provide to individuals, families, and businesses. The obstacle for the trust industry – and for the insurance industry as well – is that government legislation is woefully out of step with the realities of a rapidly changing market place. It is imperative that the federal government give priority to passage of reformed legislation that will enable us to service Canadians better, and that will set the tone and direction for compatible provincial legislation. That is all we ask – enlightened legislation that gives us the chance to compete fairly, squarely, and openly for the benefit of Canadian consumers and business enterprises. Thank you.

The appreciation of the audience was expressed by Henry N.R. Jackman, a Past President of The Empire Club of Canada.

MARCH 22, 1984

The United Nations: A Canadian Perspective

AN ADDRESS BY The Honourable Allan J. MacEachen,
P.C., M.P., LL.D.
DEPUTY PRIME MINISTER AND SECRETARY
OF STATE FOR EXTERNAL AFFAIRS

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished Past Presidents, ladies and gentlemen: I am pleased to welcome the members of the Toronto branch of the United Nations Association in Canada to this luncheon today. They have joined us on a number of occasions over the years, and I was interested to find that one occasion on which they did – so was thirty years ago – on February 25, 1954 – when the guest speaker was Dag Hammarskjöld, Secretary-General of the United Nations.

It is interesting to read Mr. Hammarskjöld's address, which was on the place of the United Nations in the international scene, and for us to reflect on developments in the world since 1954 and on the current role of the United Nations. Mr. Hammarskjöld's thesis was that as long as the United Nations held together as a world meeting place, the chances of peace and the orderly progress of our civilization would improve, and that eventually, the vital interests and basic ideals which join all humanity would be recognized, and conflicts reconciled by peaceful means.

Thirty years later, the United Nations still holds together as a world meeting place, but the ideals which Mr. Hammarskjöld espoused have, of course, not yet been realized. Indeed, the significance of the United Nations has, if anything, declined, and it remains in a relatively weak position, with the superpowers dominant in world affairs. Concern that matters of world peace are "too important to be left to the superpowers" have been expressed by Prime Minister Trudeau, and also by today's guest speaker, who last September suggested to the General Assembly some specific ways to strengthen the United Nations, including through its Secretary-General taking more initiative in the Security Council.

It is also an interesting coincidence that Allan MacEachen has been in public life for the three decades since Mr. Hammarskjöld addressed us. He was first elected to the Commons in 1953 and other than being a casualty of the Diefenbaker landslide of 1958, he has represented what is now the riding of Cape Breton Highland-Canso ever since.

That is a long time, Mr. Minister! After noting this in your biography, and seeing *The Globe and Mail* describe you as the "Godfather of Nova Scotia Politics," I made a few inquiries with respect to longevity, and found that you are indeed the senior government parliamentarian in several respects – the longest-standing government member, the longest-standing of the present cabinet ministers (since 1963), and of course, next to the Prime Minister himself, the senior government minister.

Now, I have had to be slightly selective in citing these records, and the opposition parties might take some exception. For while Mr. MacEachen is the longest-standing Liberal MP, he is narrowly edged out by George Hees for the Tories, who was first elected in 1950, and eclipsed by Stanley Knowles of the NDP, who was first elected in 1942 and who was unanimously honoured by the House of Commons last week. But who in this audience knows where the all-time record lies? Narrowly surpassing Mr. Knowles, with forty-five years of parliamentary service from 1874 to 1919 was Sir Wilfrid Laurier!

After talking about Mr. MacEachen's many years of service, one might expect the Deputy Prime Minister to be getting fairly long in the tooth – but at a youthful sixty-three years of age, I expect that he may yet give Stanley Knowles and Sir Wilfrid a very good run for their money!

I mentioned a moment ago that Mr. MacEachen has been a member of the Cabinet since 1963. Over the last twenty years, he has held most of the key portfolios – Health and Welfare, Manpower and Immigration, Labour, Finance, House Leader, President of the Privy Council, and of course, Deputy Prime Minister. However, his current responsibilities – External Affairs – are those that have recurred over the years. In 1955, Mr. MacEachen attended the General Assembly of the United Nations in New York as a parliamentary observer and in 1956, he was alternate delegate to the Economics and Social Council of the United Nations in Geneva. For two years from August 1974 – the time of the Law of the Sea Conference and the establishment of Canada's two-hundred-mile economic management zone for the continental shelf – Mr. MacEachen served as Secretary of State for External Affairs, a post which he has again held since September 1982.

Ladies and gentlemen, it gives me great pleasure to welcome back to the Empire Club – for he first addressed us six years ago – Canada's Deputy Prime Minister, and Secretary of State for External Affairs, the Honourable Allan J. MacEachen, to address us on "The United Nations: A Canadian Perspective."

MR. MACEACHEN:

Mr. Chairman, ladies and gentlemen: When I last spoke to you, in February 1978, I talked about the multilateral trade negotiations. Those negotiations reflected a hard-headed assessment of Canadian interests. I would like, as much as possible, to use the same approach to my topic today.

Why have I chosen to speak to you on "The United Nations: A Canadian Perspective?" Because I believe that we in Canada should think more – argue more, if you like – about this multilateral system that Canadians have done so much to help build, that has greatly benefited Canada over the years, and that is now in a particularly difficult period in its development.

Since returning in September 1982 to External Affairs, I have met on several occasions with the United Nations Secretary-General, Javier Perez de Cuellar, a man we are fortunate to have at the helm of the United Nations at this time. He has pointed starkly to "the crisis in the multilateral approach in international affairs." He has warned that "we are perilously near to a new international anarchy."

What is Canada's stake in this crisis in the multilateral approach? Though it is often easier to assess the benefits from bilateral relationships, multilateralism remains central to the promotion of Canadian interests. This applies both to groupings of limited membership such as the Western Economic Summits, the OECD, NATO, the Conference on Security and Co-operation in Europe (CSCE), the Commonwealth, and francophonie, and to global multilateral institutions. Canadian trade and Canadian jobs depend directly on the stability of the world monetary and trading systems underpinned by the International Monetary Fund and the GATT. This link is direct enough and obvious enough that there is a well-understood economic logic to support, for example, our $300-million annual contribution to the various international financial institutions.

Our interests in the United Nations are more diverse but still closely related. What benefits do we receive from our contribution of about $350 million in 1983–84 to the organizations and agencies in the United Nations system? It is an impressive contribution – sixth largest overall and twice that of the United States on a per capita basis. By domestic standards, it is slightly more than the amount spent annually for police services in Metropolitan Toronto, but we still have good reason to look closely at what we receive in return.

Three specific examples will serve to introduce what is naturally a wide-ranging answer.

First is the United Nations Convention on the Law of the Sea, signed by Canada in December 1982. That Convention was the outcome of over a decade of negotiations in which we took a leading role. The Convention offers Canada many direct benefits: a 12-mile territorial sea; a 200-mile exclusive economic zone; exclusive jurisdiction over the continental shelf, even when it extends beyond 200 miles; and environmental protection provisions, particularly in ice-covered waters. Clearly, this United Nations' Convention has been a central element in the promotion of Canada's national interests.

As a second example, I take the International Atomic Energy Agency. The IAEA acts as the inspection agency in applying internationally accepted safeguards on the sale of nuclear material and technology. For Canada to provide equivalent bilateral coverage for its nuclear exports would not only be prohibitively complicated from a technical and political point of view, but also enormously expensive.

A third example is food aid. The Canadian development assistance program includes the provision of food aid, which is valued at about $325 million in 1983–84. Roughly 40 per cent of this is channelled through the World Food Program. This United Nations program not only produces developmental returns to the recipient country, it generates valuable income for Canadian farmers and fishermen.

Moving to the broader questions about the role and functioning of the United Nations – what is wrong and what can be done to correct it – we must first recognize the sources of disillusionment. Many of these are all too familiar: the intrusion of political controversy into the work of the specialized agencies; the effect of attempts to isolate Israel in the United Nations system; and the general malaise that has afflicted United Nations bodies as a result of increasingly complex and conflicting interests associated partly with a greatly expanded membership. If these frustrations continue to mount they could lead to the unravelling of the system we have so painstakingly constructed.

UNESCO provides a striking example. While we take for granted the coldly calculated approach of the USSR toward the United Nations system, we become very concerned when the United States displays an ambivalent attitude. We would not like to contemplate any important United Nations agency without the United States as an active member providing positive leadership. This is why, despite sharing much of its exasperation, we would prefer the United States to stay within UNESCO and continue working vigorously with countries such as Canada, to improve radically UNESCO's performance. Canada is determined, in working from within, to get UNESCO back to the priorities of its mandate: education, culture, and science, priorities that are of value to Canadians.

Our response is not simply an act of faith, an ingrained reflex from an earlier, more positive era in United Nations diplomacy. It is based on a realistic analysis of what the United Nations is doing. Broadly speaking, the main areas are peace and security and functional co-operation.

How well is the United Nations doing in the key area of peace and security? Not very, must be the answer. Wars rage in the Middle East. The occupation of Afghanistan and Kampuchea continues. A Caribbean island is invaded, and conflicts fester in Central America. Moreover, in recent years, the Security Council has become increasingly paralyzed due to the unsatisfactory relationship between the two superpowers. This has resulted, in some cases, in the United Nations being deliberately by-passed on security issues. Clearly, the United Nations has to do better on high-profile peace and security issues if it is to gain maximum support in the international community and with our publics.

We must not, however, fall victim to exaggerated expectations. There is little point in blaming the United Nations itself for the sins and omissions of its member states – for the inability of those who wield a veto to agree among themselves. Equally important, we must not lose sight of the significant contributions that the United Nations has made, and can continue to make, to the maintenance of peace and security. For example, if and when peaceful solutions do come to the Middle East and Namibia, they will be based squarely upon balanced Security Council resolutions. Resolution 242, passed in 1967, provides for withdrawal from occupied territories and the right of all states in the Middle East, including Israel, to exist in security and peace. This is the basic structure upon which the Egypt–Israel peace treaty was built, and upon which any peace settlement enabling the Palestinian people to achieve their legitimate rights will also have to be based. Resolution 435, passed in 1978, sets out in detail the steps which can lead to a Namibia truly independent of South Africa. Canada remains deeply involved in the efforts of the Secretary-General to implement the United Nations' plan. No other scheme appears feasible and acceptable to the international community.

Canadians continue to serve in United Nations' peacekeeping forces and observer missions that are making positive contributions to stability in the Middle East and Cyprus. We are ready to participate in Namibia to help oversee the independence process and we would expand our participation in the Middle East if the conditions for effectiveness were achieved.

Though decolonization is almost complete, we should not overlook the United Nations' very respectable record in this process, particularly in making it less violent than it might have been.

Finally, we should not dismiss the United Nations' function as a useful safety valve. Despite the limitations of the United Nations, I believe the international situation would be infinitely more dangerous without it.

The maintenance of peace and security in the United Nations system may capture the headlines, but much valuable work goes on in the technical parts of the system. In 1984, the United Nations Development Program (UNDP) will provide about $1 billion in technical assistance funds to developing countries, of which $61 million will come from Canada. Other agencies, such as UNICEF and the UN Fund for Population Activities, also respond effectively to specific development needs. These efforts are of direct relevance to Canada not only because of our humanitarian commitment to the development process, but also because a growing and healthy world economy provides markets for Canadian goods and services.

The Honourable Allan MacEachen, Deputy Prime Minister and Secretary of State for External Affairs

Despite the Soviet veto in the Security Council, the International Civil Aviation Organization (ICAO) has been able to investigate the Korean airline disaster and to work toward ways of preventing future recurrences. Due to the work of the World Health Organization (WHO) in eradicating smallpox, Canadians need no longer carry vaccination certificates when they travel abroad.

In human rights, the distance still to go should not obscure the steady progress. No longer can a government claim that human rights abuses are solely within its domestic jurisdiction; no longer can it be immune to positive United Nations pressure. Canada, through nine consecutive years of membership on the UN Commission on Human Rights, has been deeply involved in this process.

The United Nations also co-ordinates humanitarian assistance to refugees, responses to disasters, and works on social issues, such as the status of women, youth, the aged, the disabled, and the use of narcotics. Progress in these latter fields relates directly to programs in Canada. The United Nations has pioneered legal regimes in such crucial fields as trade, law of the sea, outer space, the environment, civil aviation, and telecommunications.

These then are the current realities of the United Nations system, both its shortcomings and its positive features. What about the future? I do not see much merit in being distracted by consideration of radical institutional reform. As I said to the United Nations' General Assembly last September, what we *must* do is strengthen our existing institutions in practical ways. Canada and other states, such as the Nordics, are trying to convince a wide cross section of United Nations' members to recognize the dangers and act now.

What is needed first and foremost is an attitudinal change – the need to improve the working relationships between the superpowers. As Prime Minister Trudeau has emphasized, the five permanent members of the Security Council are also the five nuclear-weapon states. Under the Charter, they have special responsibilities for international security. Their contacts can be furthered through private United Nations' meetings under the auspices of the Secretary-General. In the specific area of arms control and disarmament, we must work to ensure that the Conference on Disarmament in Geneva becomes a more productive forum, as it now appears to be, in its work on chemical weapons.

The United Nations has grown rapidly in size, but the members have yet to show the maturity that must accompany the new relationships created. Developing countries should recognize and accept the responsibility that goes with their numerical superiority in the system. Developed states who provide most of the funds should recognize the legitimate objectives of the majority. Important issues should go forward on the basis of mutual respect of each other's concerns in the give-and-take of negotiation. Canada seeks to promote such a pragmatic approach.

The North/South Dialogue provides a specific example. At the Versailles Summit in 1982, the major Western developed countries agreed to proceed on global negotiations, provided this would not impede the work of the existing specialized bodies of the United Nations' system. Since then, Canada has sought to encourage the sense of realism and moderation which has been growing among developing countries. We have taken an active part in the most recent attempt to reach an agreement, but it is still too early to say whether a successful outcome can be achieved.

Last September, I proposed to the General Assembly three specific measures for improving the effectiveness of the Security Council and the Secretary-General's role in dealing with peace and security issues.

First, I suggested the Secretary-General should make greater use of his authority to bring current or potential crisis situations to the attention of the Council and expand his "fact-finding capacity." As an example, I welcome his very recent initiative to dispatch, at short notice, a specialist group to Iran to investigate the alleged use of chemical agents.

Second, I suggested that the Security Council should meet privately and informally with the Secretary-General to examine and perhaps avert crises. The Security Council has had a number of informal private discussions to examine possible changes in their procedures but as yet, nothing concrete has emerged. Member states, particularly the permanent members of the Council, must accept their responsibilities, but mustering the political will for change is difficult. We should seek every opportunity to help generate the necessary political commitment, as the Prime Minister's initiative is doing. In this respect, I believe Canada should seek re-election to the Security Council before the end of the decade.

Third, I suggested the Secretary-General be given increased staff and resources in support of his "good offices" role in the resolution of disputes. In particular, I personally offered to make available to the Secretary-General, as appropriate, information which we believe might assist him in dealing with conflicts. This offer of support was warmly received.

The United Nations Secretary-General has made clear to the Prime Minister and me that he is looking particularly to Canada for help in revitalizing the United Nations system. We shall soon have an opportunity to continue our dialogue, when the Secretary-General is able to accept our invitation to visit Ottawa.

Since 1945, active support of the United Nations system has been a cornerstone of Canadian foreign policy. A hard-headed assessment of current Canadian interests confirms that support. A stronger United Nations is necessary if we are to meet successfully the growing crisis of multilateralism in international affairs. Thank you.

The appreciation of the audience was expressed by Bruce Rankin, a Director of The Empire Club of Canada.

MARCH 29, 1984

Canada and the Pacific Challenge

AN ADDRESS BY Dr. Stuart L. Smith, F.R.C.P.(C)
CHAIRMAN, SCIENCE COUNCIL OF CANADA

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished Past Presidents, members, and guests: "A national science policy is a broad strategic plan on how best to deploy our limited scientific resources in order to make the greatest possible contribution to the cultural, economic, and social advancement of Canada. Such a broad strategic plan has not been drawn up in the past. It is broadly the job the Science Council of Canada has undertaken to do." These words may have a familiar ring for at least one person in this room, for they are the views expressed to this club in March 1968 by Dr. Omand Solandt, first Chairman of the Science Council of Canada, whom we are so pleased to have with us again today.

When reviewing current material issued by that organization, I note that the views of Dr. Solandt and the incumbent chairman correspond closely, for Dr. Smith has written that the Science Council of Canada "exists today to ensure that Canada has a strong science and technology community and that this strength is used to advance our society and our economy." The techniques used in attaining these objectives have varied, and Dr. Smith has expressed his viewpoint clearly – higher visibility and more stress on industrial strategy, along with the science and technology support needed to make that strategy work. With this broad and outward-looking role, it is not surprising that the Chairman of the Science Council of Canada is addressing us today on the very broad and relevant topic of how Canada can respond effectively to the challenge of the Pacific nations. But then, Dr. Smith has a history of confronting major issues head on and focusing clearly on viable solutions. Indeed, at the age of forty-six, Dr. Smith is well into his third career.

After graduating in 1962 from McGill with first prize in Medicine and then obtaining a specialty in Psychiatry in 1967 from that same institution, he joined the Department of Psychiatry at McMaster University; at the same time he became head of the Assessment Unit, and then head of the In-patient Service of the Department of Psychiatry at St. Joseph's Hospital in Hamilton. During the seven years of this stage of his career, he accomplished a number of things as a teacher and as a clinical and research psychiatrist. Among them, he was the first to pioneer the nurse therapist concept, whereby he trained a group of nurses to do psychiatric history-taking and family interviewing as a means of more effective use of scarce medical resources.

In 1975, Dr. Smith looked to challenges in a different direction. In his university days in Montreal, Dr. Smith was an active Liberal, and this early interest resurfaced when he entered the political arena as a member of the provincial legislature for Hamilton West. The following year, he became leader of the Liberal Party of Ontario and in 1977, leader of Her Majesty's Loyal Opposition. Dr. Smith worked long and hard, leading his party in its efforts to dislodge the "Big Blue Machine," and it was during this period that our club was twice honoured with an address from him.

It is, of course, no discredit to Dr. Smith that he was not successful in his goal of forming a government, for in this respect he was no less successful than Robert Nixon, or before him Andrew Thompson, or before him John Wintermeyer, or Farquhar Oliver over two periods, or Walter Thompson, or Mitch Hepburn when trying for a comeback, or Robert Nixon's father, Harry, or Gordon Conant – for he did make a valuable contribution in carrying out what many consider to be a thankless task, and it is widely appreciated. However, in 1982, he passed the mantle to David Peterson, and looked to his third and current career as Chairman of the Science Council of Canada.

But what better preparation could he have had than the combination of medical and research work in Psychiatry, university teaching, and an active role in public life, to give him a broad perspective of the role of the Council? He has now had two years to get settled into the job and his mark is being made.

I am pleased to welcome Dr. Stuart L. Smith, Chairman of the Science Council of Canada, to address us now on the topic "Canada and the Pacific Challenge."

DR. SMITH:

Mr. President, ladies and gentlemen: A profound change is under way in the world's economy. The new agenda is being set in Japan, a nation ironically thrust into such a prominent role by the oil shocks of the 1970s. I say "ironically" because that was the one nation that was supposed to be least able to sustain those same oil-related adjustments!

Don't get me wrong. Japan sets the agenda but it is still likely to be the United States of America who maintains the dominant position in the global economy for the foreseeable future. The directions set by Japan, however, and improved upon by the United States, have enormous implications for Canada. These challenges I propose to discuss with you today. Canada cannot afford to lag too far behind either the United States or Japan in economic performance; too large a lag will mean the loss of our best people south of the border and would reduce our will for national survival. We must, therefore, examine the new world economic order and find a place within it for a competitive Canada.

Just as a background comment, let me say something about our trading position. The United States is now, and always will be, our major trading partner. After that, however, Canada's trade with the Pacific is now much larger than our trade with the Atlantic and this trend is rapidly accelerating. Never again will Canada's Atlantic trade be even close to that which we will experience with Pacific nations. The sooner we begin to think of ourselves as a Pacific rather than an Atlantic nation, the better we are likely to do. This should guide the courses we teach in universities and in business schools, the sales agencies and trade offices we set up, the languages and customs that we learn about. The Empire Club might not be the most propitious place to say this, but I have brought along a map which centres on the Pacific; and I would recommend that such a map replace the usual Atlantic-centred one in our consciousnesses.

The oil shocks caused all countries, but especially Japan, to emphasize both *products* and *production methods* that saved energy and raw materials, these being commodities for which Japan is dependent upon other nations. Central to these savings have been a number of technologies which, although not altogether new, were brought to a very advanced state in the 1970s: namely, robotics, microelectronics, and the development of new materials. The United States, after suffering serious damage to many of its key industries, recognized the importance of innovative technology and has established leadership in additional areas, including information software, life sciences, and biotechnology.

As automation advances, it is easier to move the production of mature, mass-produced items to newly industrializing countries, where wages are still low. For the advanced nations, a greater proportion of world trade every year is represented by innovative, high-value-added, *knowledge-intensive products*, and related services. In these fields, the United States and Japan are predominant, with western Europe struggling to keep up.

On the other hand, raw materials are declining as a proportion of world trade. More specifically, Canada has local supply problems in some instances (forestry, fisheries), and international supply-side problems, with "unfair" competition from

Dr. Stuart L. Smith, Chairman of the Science Council of Canada, with Club Director Margaret Scrivener, MPP.

the Third-World producers of metals. Beyond that, however, there are serious long-term *demand limitations* as a consequence of:

a) substitution of new materials (for example, fibre optics for copper, electronics for newsprint, composites for steel, ceramics for aluminum – for composite and ceramic scissors, for example;
b) increased quality and durability of products; and
c) lightweight, down-sized, energy-efficient items.

To put it succinctly, for Canada, while food and energy production will continue to be a significant source of wealth, many other basic commodities may run into serious problems. As for manufactured goods, our usual products can frequently be more cheaply manufactured elsewhere; we are obliged to automate our usual industries and to enter into knowledge-intensive industries, putting out, for world markets, sophisticated, high-quality products with a high research content.

This must be emphasized as strongly as possible. It is my view that the world is now poised on the threshold of a golden era in the advance of fundamental and applied knowledge. It is a cascading effect as discoveries in one field permit new doors to open in other, seemingly unrelated, areas. Fundamental discoveries are being made week by week, so much so that I expect that historians will look back on the 1980s and 1990s as a time of the most accelerated scientific advances in human history.

All this new knowledge will have a major impact on the world's economy. New products, new materials, new machines, new cures, new methods will all be discovered, patented, and marketed. Canadians cannot simply expect to be purchasers of all these discoveries if we have none to sell. Our habit of selling off our natural resources will not be sufficient to buy our way into the status of an advanced country in the new world I am describing. We shall have to earn our way in by being competitive and successful in at least some of the more advanced industries.

I am afraid our record so far is not very encouraging. We have some real successes in telecommunications, transportation, office equipment, lasers, and space. We should be proud of these achievements since, among other things, they prove that Canadians can be successful competing with the best in the world. We are hardly represented at all, however, in fine chemicals, pharmaceuticals, advanced software, precision instrumentation, medical devices, fine ceramics, and new composites. We must set a serious national priority to have one or more successful companies in each of these fields. I am not suggesting Crown corporations. It may be necessary, however, for government to share the risk with venture capitalists in setting up some of these companies or in building upon existing small companies. Governments, including those at the provincial level, should aggregate the market wherever possible in order to give such new companies a reasonable Canadian market with which to get a start. In some instances, branches of multinationals should be singled out and a special effort should be made to acquire genuine world-product mandates in one or more of these important fields.

I would recommend two other major thrusts. In the first place, I believe there are enormous opportunities for Canada to enter into joint ventures with Japanese companies; these should be encouraged. The Canadian branch of such a joint venture might well benefit from Japanese production expertise and could logically be assigned to serve the North American market from a Canadian base. The Japanese branch might serve the rest of the world, using Canadian science and technology wherever possible. This kind of arrangement could help Canadians overcome our usual problem: that is, we have superb science in our country but we rarely turn it into successful commercial products. Japan is seriously worried about its lack of basic science discoveries so such partnerships with Canada could be very useful to both sides.

Canadian science is often used, of course, by American companies, but the industrial benefits to Canada are sometimes quite minimal. In some cases, the scientist or his or her invention is simply taken to the United States. Perhaps a Canadian branch is set up but it usually does not export. There are exceptions, of course. I am convinced that the encouragement of joint ventures with Japan would be beneficial to Canada in the long run.

Secondly, there is the very delicate matter of how to make use of intellectual property which presently resides in Canadian universities. This is delicate because universities are rightly wary of permitting their major sacred function to be undermined by the commercialization process. I would put it to you, however, that Canada has little alternative but to find a unique way to use our university resources, despite the problems. We do not have enough industrial research nor do we have the large companies from which new innovative ones might spin off, ready to go into action, as they do in the United States. Our universities, like it or not, may represent our only important asset in this vital contest.

I would like to finish with a word about Canadian business attitudes. Our most important pools of capital, including those controlled by our leading business families and institutions, are almost all invested in retailing, finance, real estate, and resources. High-value-added manufacturing and research-intensive industries are very tiny portions of the portfolios of our major capital aggregations. They are invested in conservative investments in industries which would be located here even if Canada were part of the United States. For such investors, the market seems to pay an insufficient premium to draw them into the kinds of risky products that Canada will need to compete in the future. As a result, we find government playing a larger and larger role in the higher-risk, new-technology industries. Either by ownership as in the aircraft industry, or by procurement as in the space industry, or by special financial arrangements as in the transportation industry, government is drawn more and more into filling the vacuum left by the private sector. This is not a healthy situation and stands in sharp contrast to the Japanese experience.

In Japan, there is constant dialogue among capitalists and trained business people and government concerning the long-term interest of the nation and the ways in which such interests can be maximized. Government does not tell business what to do. In fact, it is information by business people that normally forms the basis for whatever national policies are eventually adopted. Once a policy is adopted, it guides both government and the private sector. Such teamwork does not prevent fierce competition, lobbying, or even complaining. It does focus attention, however, on the strategic interests of the nation. Canada is not Japan, but we can surely learn from that process.

In summary, then, our nation's wealth will have to come from new and complex sources, and this will require a change in our institutional structure and our international orientation. We must react to events in the Pacific; we can be part of a great future involving that area and, most of all, we can learn from its success. As a Pacific nation, as well as an Atlantic nation, the potential is there for us to secure our future.

The appreciation of the audience was expressed by Harry Seymour, Second Vice-President of The Empire Club of Canada.

APRIL 5, 1984

The Power of Film and Its Influence

AN ADDRESS BY Norman F. Jewison, O.C., LL.D.
FILM PRODUCER AND DIRECTOR

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished Past Presidents, members, and guests: Two years ago, Joanne Strong wrote in her column in *The Globe and Mail* on "The Informal Norman Jewison" – she wrote that at the time of her interview with him, Mr. Jewison was in Buffalo making his movie *Best Friends*, starring Goldie Hawn and Burt Reynolds. It seems that the Edmonton Oilers were also in town and Mr. Jewison was excited at the prospect of dinner that evening with Wayne Gretzky. Jewison wanted to meet a hockey hero and Gretzky had accepted since this was a once-in-a-lifetime opportunity – to meet Goldie Hawn!

Now, I have been looking forward to a meal with Norman Jewison, but unlike Gretzky, it is Jewison that I have been wanting to spend time with. You see, his other area of fame is his maple syrup. I make maple syrup as well but my problem is that while my quantity produced is nothing like Norman's, he also seems to have the secret to successful marketing! I can only assume that there is a distinct relationship between promoting maple syrup and films!

That explains some small part of my reasoning, but why has Norman Jewison taken a considerable amount of time in the midst of a very active schedule to address The Empire Club? It helped that the Honourable Mr. Justice Potts was a classmate and applied the might of the judiciary. I hope it also helped that this is one of Canada's largest and oldest speakers' forums, and that our members have a great interest in hearing Canada's most successful, and one of North America's most highly respected, movie producers and directors. What may also have influenced Mr. Jewison was that during our current season we were inviting several distinguished Canadians to talk on various aspects of the Arts, and, of course, we very much hoped Norman Jewison would be one of those people.

You will recall that last October we enjoyed tremendously the address and slide presentation by Roloff Beny on "What Is Wrong with Loving Canada?" and we were saddened three weeks ago to hear of his untimely death. He made a great contribution on a world scale as an artist and photographer, and Canada benefits from it. In December, Paul Fleck addressed us on the role and contribution to Canada of The Banff Centre – and now, we have the good fortune of celebrating the international success of Norman Jewison.

Everyone in this room, and those watching this address on television, must have enjoyed many of Mr. Jewison's twenty films over the last two decades. They have won nine Academy awards, twenty-nine Oscar nominations, and more than a dozen other major international honours.

And he was born in Toronto! And graduated from the University of Toronto! And was with the CBC for six years, when it was starting into television in the early fifties! And after twenty years of television and film success in New York, Hollywood, and London, he returned to continue his career from Toronto in 1978!

It was during that twenty years that Mr. Jewison became internationally recognized. His success with the CBC caused CBS to hire him in 1958 and he did a number of very successful television specials with them. In 1962, he directed his first film, *Forty Pounds of Trouble* for Universal Studios, and in the mid-sixties, he went out on his own as a freelance director and producer. His films are easily recognized – *The Cincinnati Kid* in 1965, *The Russians Are Coming*, *In the Heat of the Night*, which took five Academy awards, *The Thomas Crown Affair*, *Fiddler on the Roof* in 1970, which grossed over $50 million, *Jesus Christ Superstar*, *Dogs of War*, and *Best Friends* in 1982 – to mention only a few. A week from today, Mr. Jewison's new film, *Iceman*, which was filmed in Churchill, Manitoba, is to have its première, and his latest film, *A Soldier's Story*, is currently being edited.

In addition to his many film honours and awards, Mr. Jewison has received an honorary degree from the University of Western Ontario, and in 1982, he was appointed an officer of the Order of Canada. It is my pleasure now to welcome Mr. Norman Jewison to address us on "The Power of Film and Its Influence."

MR. JEWISON:

Thank you, Mr. Derry, and an auspicious head table, members of The Empire Club, and friends. Well, here we are at The Empire Club luncheon. How do I get into these situations? Douglas Derry, one of your more tenacious members, has tracked me down for over a year now, "It won't be much. Just say a few words about your movies." I believed him until I received three copies of beautifully bound annual Empire Club addresses. My God, they publish these speeches! If Mao had only seen these little red books!

Well, I was sitting on a stump in my maple bush at my farm in Caledon, minding my own business, smoking a cigar, when Douglas Derry got me. I looked over the names of illustrious Americans and Europeans who have spoken to the club, and it was easy to figure out where The Empire Club of *Canada* got its name. David Rockefeller, Henry Ford II, and Margaret Thatcher have all addressed the club.

People of power. It has come to have a new meaning in our time. The rich are the gods of the twentieth century. Not artists, teachers, or scientists, but people of economic worth. Men and women of money. Our culture has elevated the dollar to the position once held in ancient empires by the gifted and the mystical. Our icons are the Rockefellers, the Bronfmans, and the Conrad Blacks of this world. The most popular television show is *Dallas*: a look at the glittering lives of the rich. As the economy dims, our heroes shine even brighter, casting their light on the dreary lives of all us unfortunates.

What is happening here? What has happened to the Great White North? What has happened since the days of my childhood, when the air was fit to breathe, the water clear, and one could truly sing in the rain? The moneylenders left the temple long ago of their own free will. They have now become respectable. Their new temples are tax-free and, they tell us, in the public interest. They control our lives by controlling our desires, supplying our wants, and creating new diversions. In shock, we watch the so-called Third World emerge from a state of colonialism to find itself, once again, the economic, social, and military prey of so many helping hands.

We define ourselves by our American Express cards. Ownership is all. Your car, your home, your status tells people what you are. . . and not your talent, humanity, or personal accomplishments. Convincing someone you've got it all today is done by quoting bank balances, not poetry.

In the early part of this century, we were a country of weeds and frontiers; of open spaces and empty muskeg (just ask Pierre Berton); a country of unheard echoes, mystery, and isolation. This loneliness made us self-reliant, independent, thoughtful, and *suspicious* of others (just ask Brian Mulroney). The pioneer mentality developed individuals with courage to face great hardships alone. We became strong but we had little time for thought or culture. Artists were ignored or thought expendable (just ask Robert Goulet). There was no time for the luxury of music, poetry, or artistic expression. We had railroads and cities to build, vast prairies and land to till and tame, forests to cut, minerals to dig. Now, in the latter part of the century, we have begun to change – mature – and hopefully, we are coming of age.

In 1958, I left my home and native land for the lure of New York and the mass audiences of CBS. But I was also leaving at a time when this country was not yet really supportive of its artists. There was lack of confidence in the people, a lack of appreciation, a lack of encouragement. No one was really interested in *Canadian* talent. Somehow the encouragement and enthusiasm so necessary to the creative community was missing.

Our local and national press and magazines were more impressed with American and English artistic accomplishments. I realized that even well-established TV talents like Wayne and Shuster were not treated with respect until they appeared on the Ed Sullivan Show from New York. Why was there no confidence in our writers, actors, painters, poets, musicians, and dancers? For years, institutions like the CBC and the National Film Board were treated with greater respect *outside* the country than from within. I was frustrated and disturbed by the lack of confidence in the Canadian spirit and frightened of becoming a part of a summer-stock mentality. Why did we take such pride in the Robertson screwdriver and ignore a Christopher Plummer? Just think – the Tony Award-winning actress, Amanda Plummer, would have been Canadian had her father been appreciated at home.

Was it money and financing we lacked? No, there has never been any equation between money and art. Talent is not something that can be bought or manufactured. It was something deeper. It was not only a period of enormous inferiority complex; it was also a time when the people were perhaps more interested in the financial development of our natural resources than in the nurturing of our artistic expression. We really didn't know who or what we were – we had lost sight of our identity. As Bruce Hutchison so succinctly put it, we were "the Unknown Country."

Over twenty years passed. I lived and worked in New York and Hollywood, in London, Munich, Zagreb, and Jerusalem. In 1978, I came home. Like Mordecai Richler who had lived and worked abroad for so many years, I also came home in search of my roots.

My arrival was less than auspicious. Arriving with my goods and chattels – a returning settler – I was confronted by an inspection officer at Toronto Airport. He examined the well-filled passport with its visas and residence documents of other countries and gave me that cold, official, and suspicious stare that all immigration people seem to possess. "Where do you live?" he asked. "Well, here, now," I said, "I've come home." "Where have you been a resident?" "Well, three years in New York, nine years in Los Angeles, and eight years in London." He paused, looked at me with a quizzical expression, and said, "Well, why the hell are you coming back here?" I was shaken for a moment – had nothing changed? Was the inferiority complex still around? Did we still believe that we were second-rate? Had we remained a grey, dull, passionless northern people, still possessing that dour and Calvinistic meanness of spirit that we were so often criticized for? Had nothing changed? Did we still not dare to be different? Did our press still give more space to Peter Pocklington than to Robertson Davies? To feel helpless is never to attempt to make a difference. After being disillusioned by the American Dream, was I now forced to live in a country still not mature and lacking confidence? To know who you are, what you are, what you stand for, where you belong – all of these things are important to everyone.

Since my return in the summer of '78, I am convinced that none of these things are true anymore. For the last five years, I have sensed a maturity – a confidence that comes with growing up and realizing that we as a people can take pride in our accomplishments; that we can make a significant contribution to North American life and influence world opinion. There is indisputable proof that in this age of video dominance – of Super Bowls and *Dallas*, of threatened separatism and provincial polarization, of even our continued suspicion and reluctance to create our own heroes, in spite of all these growing pains there is proof that our artists are reminding us of our history of progress, our heritage, and our traditions. And there is the beginning of an appreciation of individual initiative: from *The King of Kensington* to the genius of Glenn Gould; from Gordon Lightfoot to Margaret Atwood; from Wayne Gretzky to Carling Bassett; from Harold Town to Arthur Erikson; from the National Ballet and Leonard Cohen to Michel Tremblay and the exciting new George Gardiner Museum.

Every society needs its heroes. In 1979, a young Canadian demonstrated in a simple and courageous act the indomitable spirit which each of us possess – if we have the determination to use it. Terry Fox – in his attempt to run across this country from the eastern shores of the Atlantic to the western beaches of the Pacific, with only one leg to support him – captured the imaginations of all Canadians in a way no other individual has done in our history. The importance of his quest was *finally* recognized by the press. Journalists and television networks provided the window, and for one glorious moment, all of us – French, English, easterners, westerners, young and old, rich and poor, black or white – all of us identified and agonized with his every step. I will never forget the impact of that moment. We were one family, proud of our son who attempted the impossible dream. Watching the documentary of his long, arduous struggle on CBC television was for me one of the most moving experiences of my life, and I realized when it was all over that I was proud to be his fellow citizen, that I was proud to be a Canadian, and I'm glad we made a film of the Terry Fox story. Even though it was rejected at the cinemas in Canada, it successfully played to millions on HBO in the United States.

Since I'm primarily a filmmaker and secondly a farmer, let's deal with film for a moment, the most important art to emerge in the twentieth century. It is our truly international medium of communication. It has become a permanent part of the intellectual and aesthetic life of our civilization. Film has reached more people in the first twenty years of its life than printing did in over two hundred years after its invention. Film has no boundary. It merges fact and fancy. A film is the sum total of the beliefs and principles of its maker. It has become our new literature.

The most successful Canadian film that has ever been made is *Porky's*. The runner-up is *Meatballs*. *Porky's*, the most successful in terms of gross, has passed the one-hundred-million-dollar mark. Can we point with pride at these films and say that they illuminate a quality about the Canadian character which makes us think or feel something in a new way? Some would have us believe that the box office is the yardstick for the success of a film. Not true. Some of the greatest films ever made were not in "Variety's" top ten.

Canada should measure its heritage with its heart. As Massey wrote, "It is the intangibles that give a nation not only its essential character but its vitality as well. What may seem unimportant and irrelevant under the pressure of daily life may well be the thing which endures, which gives a community its power to survive." Societies are characterized by their creations, their actions, and their way of life.

As a Canadian, I have always felt we could view, more objectively, the problems that face our American neighbours. I became fascinated in the early fifties with the Americans' almost paranoic fear of communists. They became hysterical at the very mention of Marx or Lenin. Communists were under every bed and behind every script. All Russians were communists and therefore evil and not to be trusted. The more I thought about this overreaction, the more the humour of the situation began to appear.

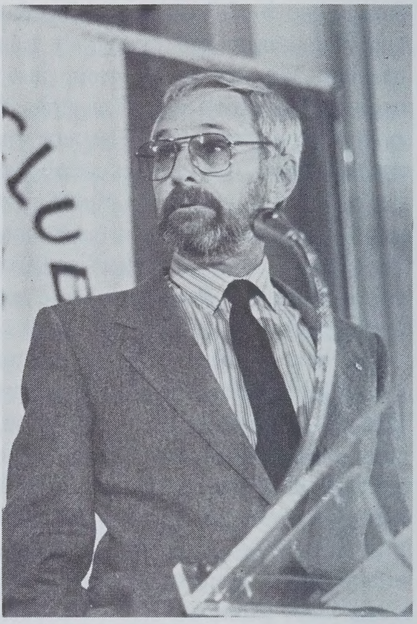
Then, by chance, I read a paperback called *The Off-Islanders* by Nat Beuchley. It was not a very good book. Not even that funny. But it did have a marvellous and unique idea. Beuchley, who lives on Nantucket Island, based his story on what would happen if a Russian submarine got stranded accidentally on a local American sandbar.

I loved the situation. It was full of visual images and smelled of satire. I would tell the studio executives this hilarious story about a bunch of Russians landing in a remote village on the American coast, and everybody panics and thinks it's an invasion. The first studio group just sat there stunned, then made a move which looked suspiciously like a violent gesture, so I ran from the office. The next studio executive muttered something about "Commies aren't funny" and that the whole idea sounded subversive to him. Some agent in the local press heard about my intentions to contact some Russian actors and immediately branded me as a Canadian Pinko. At that point, it looked like *The Russians Are Coming, the Russians Are Coming* would never reach the screen.

The next problem was the submarine. The U.S. Navy contact for the film industry felt the script put the Navy in a bad light. So, anyway...no co-operation or sub from the U.S. Navy. I tried the Russians, but they wanted to change my script. The Chilean government and the Canadians were both interested in renting us a sub but we would have to move the location of the picture. Finally, we decided to build one. So, with plywood, styrofoam, some World War II armament, and lots of black paint, we built a 180-foot vessel that would float, sail at eight knots, and carry a full crew of Russian sailors. So what if it moved like a porpoise in heavy seas; in the harbour it looked great.

The film was a labour of love. We spent over four months isolated in a tiny community miles from any major city. But we all knew we were making an important film. It was not really just a comedy. It was a film about war and peace. It was about the fears and suspicions of one people for another because of a lack of communication and a surfeit of political propaganda. It was a film that dealt with the absurdity of international conflict. It was about love and hate and honour and real courage. It was our plea for international understanding. I made the film for Russians and Americans. I wanted them to see each other honestly revealed as I, a Canadian, saw them.

Those were my reasons for making that film. In general, a film takes almost two years out of my life. Therefore, I could



Norman Jewison,
Movie Producer

not commit myself to this idea too easily. The statement the film made was important enough for our first screening to be held in Washington with the Vice-President of the United States as our guest of honour, and an assemblage of ambassadors, senators, and diplomats, including Senator Kennedy. It was gratifying for this Canadian to witness the effect the film had that night on that particular group.

When the general audience also responded well to the film, the Russian ambassador asked for a print. We sent him one which promptly disappeared for some months. Later, we learned it was screened in the Kremlin six times and at every Russian Embassy in Europe. They loved it.

Later that year, we opened the Berlin Film Festival – a thousand yards from the Wall – and Willy Brandt told me this would do more for American-Russian relations than any speeches about peaceful co-existence by political figures.

A month later, I was invited to Moscow. After the film was screened at the Soviet Film Workers Union, many of the audience burst into tears. That was the moment when I realized the importance of film and its power to communicate ideas. It was a deeply moving discovery. So, those were my reasons for making *The Russians Are Coming, the Russians Are Coming*. I hope it didn't look like a message picture. Films must entertain, grip the audience, and totally suspend belief for that short time we are together in the darkness. If they fail, they have no audience. A film without an audience, playing to an empty theatre, is not a living thing and it will end up as just another forgotten can on the shelf (ask any Canadian producer). This is the true standard by which the success of a film should be judged.

The power of television is its mass audience. I spent nine years in live television and found myself always struggling with network officials, advertising agency executives, and the sponsors themselves as to creative content of the programs. With hardly a single exception, their interests had nothing to do with responsibility to the viewer, with truth, with improving the artistic level of programming, with self-criticism.

Indeed, we witnessed the television industry in the United States actually become a mere extension of Madison Avenue and the advertising interests. CTV may have the glitz and hot American shows, but thank God for the CBC. I guess I had good training at the BBC and CBC, because in all those years of directing television, I never shot or was involved in one commercial.

When I turned to film as a new form of expression, I was determined to continue this struggle for artistic freedom. My first four films at Universal were compromised in many ways by pressures from various individuals and groups. Because the film studios, distributors, and exhibitors are all primarily interested in gross, the dollar once again becomes the criterion for success. Everyone wants a hit. A blockbuster. *Jaws I, Jaws 2, Jaws 3, Rocky 1,2,3* – can you imagine making a sequel to

Ordinary People or *Terms of Endearment Revisited*? During the last few years, many American filmmakers have begun to assert more creative control over their films in an attempt to produce films of quality. It's a tough struggle; a lonely, and never-ending defensive action. But occasionally, one gets the opportunity to make a film of content and substance.

Therefore, you can appreciate, I'm sure, my position in regard to controls, restrictions, restraints, boards, and codes; and censorship, that malevolent big brother who watches over us here in Ontario. Imagine the uproar that would be caused if the police were granted the right to prior approval of newspapers and magazines. This basic right of free expression is the very issue at stake in film censorship. The freedom to convey the truth as he or she sees it is no less the province, the basic right, and duty of the serious filmmaker than it is for the newspaper reporter or novelist.

Film censors refuse to accept the truth that films, movies, the cinema have become the primary vehicle of creative expression for an entire generation thirty and under. Not literature, not the theatre, but film. A language more visual than verbal, a new cinematic language. And the Ontario provincial government wants to protect your morals and manners. Just like they control my consumption of wines and spirits, they also want to censor the films I might see. I sure hope they don't set up the Ontario Birth Control Board – then *all* business will be closed on Sunday.

Government prejudice can be dangerous. In the thirties in the United States, a man by the name of Martin Quigley and the "Legion of Decency" established the "production code," a mechanism for the censorship of movies. The movies obediently began to do their share to foster prudery, complacency, jingoism, sexism, racism, and so on. What was the result? Unquestionably, much of the power of fantasy in America today – the expectation of instant gratification, the commitment to selfhood overall, the waning concern for reason, discipline, and achievement – is related to the cheap fantasy life so sedulously manufactured in Hollywood over the years.

Movies were often dismissive of defenseless minorities, especially women and blacks.

Why are young artists attracted to the hazardous, expensive process of filmmaking to relate their ideas instead of the more traditional, more accessible modes of communication? Because for them, film is the medium which attracts and stimulates the public they want to reach – their peers. It is through the power and the force of film that they are affected and, in turn, affect others. Films speak directly to the young, whether it's through fashion trends established by *Flashdance* or through the nuclear protests encouraged by *If You Love This Planet*, a Canadian film that had the rare honour of being banned in the United States by the Reagan administration.

What I am saying is that film, as a medium of expression, is viewed with a basic difference in attitude by two varying levels of society. One group, the censorship board, dictates the type of film permitted to be shown to the other younger group, without ever basically understanding the import, or even the language, which these films have for many of the younger generation. Good Lord, our censors even cut *The Tin Drum*, a film that won the Academy Award for Best Foreign Film.

There is no question that film has the ability to cause strong emotion in the viewer, but I doubt that the *danger* of this is as strong as our provincial fathers fear. But there *is* danger in the power of censorship, which grows and extends itself until it progresses far beyond even the intentions of its propagators. "Like pregnancy, a little bit goes a long way," to quote Abe Ginnes. The Toronto Festival of Festivals is in fact the only international film festival in the world subject to provincial censorship.

In 1915, Vachel Lindsay wrote, anticipating our own Marshall McLuhan, "Edison is the new Gutenberg. He has invented the new printing." Seventy years later, we are only dimly grasping the implications of the electronic language. We are in the middle of moving from the linear, sequential thought processes of print to the instantaneous and simultaneous multiform ways of seeing and experiencing that mark the electronic age. The theory of Marx, that history is determined by changes in the modes of production, is now challenged by the theory of McLuhan, that history is determined by changes in the modes of communication.

The problems of film censorship are representative of the problems which face the lives of Canadians today, problems which touch the lives of the powerful and powerless. How can we stop the realities of George Orwell's fateful year from becoming part of our lives? The novel was written in 1948. *Nineteen Eighty-Four* was a warning, not so much of a particular year to be wary of, though with the growing threat of nuclear war, this does seem to be a possibility. The arrival of 1985 should not bring with it a sigh of relief. It should be a year to regroup, to realize that the everpresent threat of Big Brother, and I don't mean Bill Davis, is with us and must be reckoned with. And that is the responsibility of our modern "deities," our gods of power and influence.

How, as Canadians, can we combat the ills of society? Organization of power. For something as simple as Santa Claus. Two years ago, Eaton's could no longer afford to sponsor Toronto's Santa Claus Parade. The Toronto business community answered the challenge and organized the Metro Santa Claus Parade, which kept North America's oldest annual Christmas parade marching on. A seventy-five-year-old tradition was saved by enough of the powerful who cared. This time, the Americans came here – every year CBS covers *our* parade for its American viewers.

The Stratford Festival is another cause which the "Canadian Establishment" has not only supported, but has also enabled to mature to become one of the most internationally respected classical theatres in the world. It is this relationship between art and finance which truly benefits Canadians. The emergence of Canada's darling, Karen Kain, SCTV, the Shaw and Stratford festivals are all elements of Canada's artistic scene that we as Canadians should be proud to share with other countries. They are truly our national resources. The Canadian brain drain to the south can be avoided. John Hirsch, the artistic director of Stratford, aptly describes this experience with an episode from his own youth. "Most Europeans who come to the Canadian prairies start to put it down and start talking about the fact that people there are without culture; that this is a terrible place, and so on. I arrived out west at the age of sixteen, and you can't do that as a teenager because you have too much energy. As far as I could see, Winnipeg was a marvellous city. When I was introduced to the local artists, I was in for a terrible shock. They were all talking about when they were going to leave for London. Nobody was interested in staying in Winnipeg. This made me feel terrible because I had just got there, and I had no way of getting out. There were a few fascinating people [who stayed] – James Reaney, Adele Wiseman, etc." These are the people who have successfully used the Canadian focus for their art. John Hirsch has gone far from the "marvellous city," Winnipeg – to Stratford, Ontario, to be exact, to shepherd the festival. We must stand behind our talent, whether it be scientific or artistic in nature. It is our most precious commodity, the image through which we can see and understand ourselves, the power of our culture. The power of our arts is the essence of Canada.

We all want to dwell in an iridescent landscape of secret hopes and daring desires; where there is a gift of promise in one's work and the prospect of pleasure after the chores are done. We hope that the superhighways of technology will lead us to the Great Canadian Dream. These dreams and hopes and aspirations are desperately needed by all of us. Now, we must turn to our artists. For in our art we will find the highest attainment of our culture. It is time for us to push aside the material things of life and begin to look into our own souls.

The appreciation of the audience was expressed by The Honourable Mr. Justice Joseph H. Potts, a Past President of The Empire Club of Canada.

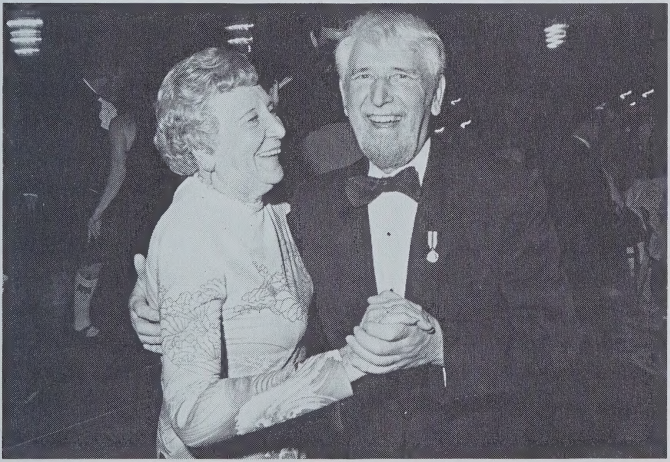
The Empire Ball

April 6, 1984

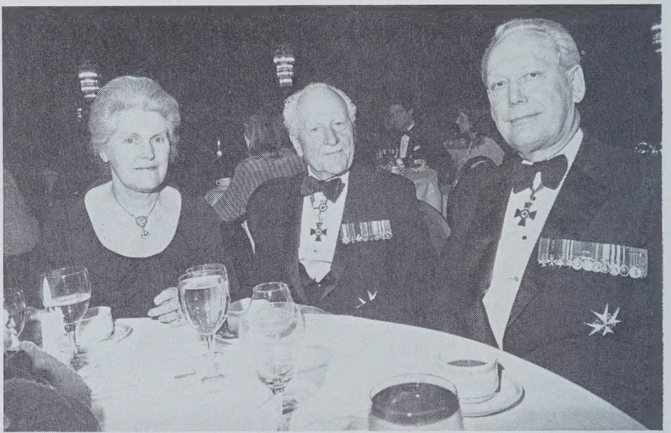
held at

The Four Seasons, Yorkville

The receiving line.
Right to left: The President, guests of honour
the Honourable Pauline and Donald McGibbon, Margaret Derry,
Major General Bruce Legge, Catherine Charlton, and John Herrick.



Mrs. Lesley Parkinson with Dr. Clarence B. Crummey.



The Right Honourable D. Roland Michener
with Foundation President Bruce Legge and Laura Legge.

Ball Chairman Paul Clark and Lynn Lefebvre.

APRIL 12, 1984

Thailand Today

AN ADDRESS BY His Excellency General Prem Tinsulanonda,
PRIME MINISTER OF THAILAND

CO-CHAIRMEN Douglas L. Derry, F.C.A., President,
The Empire Club of Canada

and

George D. Butterfield, President
The Canadian Club of Toronto

MR. DERRY:

Your Excellencies, Ministers, ladies, and gentlemen: As North Americans, there is a strong tendency for us to focus our attention on matters within North America and, for historic, cultural, and economic reasons, westward to Europe. Yet the East has increasing impact on all of our lives and this was made no more evident than two Thursdays ago when Dr. Smith, Chairman of the Science Council of Canada addressed The Empire Club, and selected as his topic, "The Pacific Challenge: How Can Canada Compete?" This is not to suggest that our relations with Pacific Rim nations need only have competitive overtones, since there are many areas of mutual co-operation – but it does reflect the increasing importance of these nations to us, and it is to be hoped, us to them.

It is a particular honour that His Excellency General Prem, Prime Minister of the Kingdom of Thailand has consented to address us today. It is interesting that he does so in this year of the bicentennial celebrations of the province of Ontario – for only two years ago his country celebrated a bicentennial of its own. In Thailand's case it was a celebration of two hundred years of rule by the Chakri dynasty of kings – a family which is credited with consolidating the nation, and whose current monarch, His Majesty King Bhumibol, is the ninth member of this family to be the King of Thailand. Since 1932, it has been a constitutional monarchy, and King Bhumibol has reigned since 1950 – slightly longer than has Canada's monarch.

It is often hard to conceptualize the size of other countries, and it is sometimes easiest to relate them to oneself. Thailand is in size almost half that of Ontario, with a population slightly more than twice that of all of Canada. The city of Bangkok has a population which is roughly twice that of Metropolitan Toronto. The land is fertile and 60 per cent of the population is involved in crop cultivation. Thailand is the largest exporter of rice in the world, and the third largest exporter of tinned pineapple, rubber, and tin. Over the last two decades the country has been increasingly industrialized, and the current visit of His Excellency and his delegation, which follows the visit of our own Prime Minister to Thailand last year, reflects a mutual desire for increased trade co-operation.

Last year General Prem – or "Pa" as he is affectionately known – was elected by Parliament to his second four-year term as prime minister. He has been described as a man who "has integrity, wants to stamp out corruption, can get along with the military, and is very popular among the people." He leads a coalition government and is perceived by many to be the ideal compromise between the army and elected politicians.

General Prem has had a life-long career in the army, spending much of it fighting Communist insurgents in the jungle along Thailand's borders. In the mid-1970s he became commander of the army in the hazardous, Communist-infested northeast part of Thailand. There, as reported by *The Globe and Mail*, he initiated an enlightened program of village reform, helping farmers build schools and hospitals, on the basis that weapons alone would not defeat the Communists. In 1978 he was appointed Commander-in-Chief of the Armed Forces and later Minister of Defence, a post which he still holds. In 1980 he was elected to his first term as prime minister.

It is not surprising that General Prem has been honoured with a great many medals and decorations by his countrymen for his many valuable contributions. I am pleased to now welcome His Excellency General Prem, Prime Minister of Thailand.

GENERAL PREM:

Distinguished Members of The Empire Club and The Canadian Club, honourable guests, ladies and gentlemen: I am most happy to be with you in this distinguished gathering today and to share with you a few thoughts and some important facts concerning my country, Thailand. I thank you for all your hospitality and for the trouble to which you have gone to make my colleagues and me feel welcome.

Let me turn now to the real purpose of my talk with you today – the Kingdom of Thailand. Some of you here may be familiar with the country already, though I suspect that most may not. I hope, however, that I can add something to the experience of those who already know my country while offering a useful introduction to Thailand for the rest of the audience.

Thailand is a small country in Southeast Asia – slightly less than one-half the size of Ontario. Its population, however, is twice that of all Canada. The country is strategically located in the heart of Asia and the Pacific region and central to both the Pacific and Indian oceans. In terms of economic growth, the last two decades have shown Southeast Asia to be one of the most dynamic areas on earth. It is also the source of many important raw materials crucial to industry. Within this region, Thailand is a major world supplier of tin and natural rubber as well as the fifth largest exporter of food in the world.

Allow me to say a little more on the history of this economic development. Thailand's economic achievements over the past two decades have been nothing short of impressive. Real GDP has quadrupled. GDP per capita has more than doubled, life expectancy has significantly increased, primary education has reached almost the entire population, and the incidence of poverty has been cut in half. The country's growth pattern has remained relatively free from distortions. Thailand has maintained consistently high agricultural growth rates and has generated widespread improvements in the standard of living and industrial development largely through domestic capital formation.

Large amounts of arable land, a dynamic and expanding base of local entrepreneurs, a responsive labour force, improving external trading situations, and expanding export markets have all played their parts in Thailand's satisfactory growth achievements. This was the case even during the prolonged economic recession from which most countries are just recovering. During 1982 the rate of growth of the Thai economy in real terms was 4.1 per cent, still relatively high in relation to that achieved elsewhere. This trend is now improving as economic recovery gathers momentum world-wide and continues into 1984. Our growth rate in real terms in 1983 was 5.8 per cent and is expected to rise to over 6 per cent by the end of this year.

1984 marks a half-way point in the implementation of Thailand's Fifth National Economic and Social Development Plan (1981–1986) which serves as a broad guideline to development management. Among the main objectives of our development strategy during the present decade is the fostering and restructuring of both our agriculture and industry, bearing constantly in mind that the lot of the majority of Thais who are farmers must get better and that they must have a greater share of the wealth generated by development. Growth in the agricultural sector is being achieved through improvement in yield; and in the industrial sector through more export-oriented, resource-based, and more competitive operation. With the availability of natural gas and some oil, we can now continue our economic transformation with confidence.

In order to improve yield per acre, gas-derived fertilizer as well as other factors of production will be provided at low cost relative to product prices. Seedling programs, plant genetics, biotechnology, and promotion of low-cost farm machinery will also be on our list of actions. Trade in agricultural products has been made freer than before to ensure that prices are kept at realistic levels, relying on competition and market mechanism.

Such measures will not only help our farmers, but also increase export earnings and maintain Thailand's advantageous position as an important world food exporter. Agro-based industries will also profit from agricultural development, which depends for its sustained growth on a proper blend between the traditional method and the modern one.

In efforts to restructure the industrial sector, Thailand is currently developing its Eastern Seaboard into a major industrialized area utilizing mainly our own natural resources, including the growing supply of natural gas deposited in the Gulf of Thailand. Full use could also be made of a relatively cheap but skilled labour force in the area.

In discussing Thailand, I can scarcely help but touch upon the philosophy which has been an intrinsic part of our way of life for more than seven hundred years and which has greatly contributed to our economic development. I am referring, of course, to Thailand's commitment to the concept of a free-market system. This implies that the government will play only a limited role in the economic sector – limited, that is, to providing a broad policy framework and infrastructure in which the private sector is free to choose and generate specific economic activities.

However, I am fully aware of the fact that in order to derive full benefits from the system of free enterprise, there are certain prerequisites which have to be fulfilled. First, the working relationship between the government and the private sector must be a close and harmonious one. Secondly, the laws, rules, and regulations governing economic enterprise and activities must be applied fairly and without discrimination.

To foster the close co-operation that is both needed and desired, we have decided simply to institutionalize it. The Joint Public/Private Sector Consultative Committee to address economic problems at the national level has been set up, comprising government members in charge of economic affairs and a representative cross-section from the private sector. So far, this group, which I have the honour to chair, has proved to be a valuable sounding-board for responses connected with the

His Excellency General Prem Tinsulanonda, Prime Minister of Thailand, with the President, Douglas Derry. In the background, George D. Butterfield, President of the Canadian Club of Toronto, and Solicitor General Robert Kaplan.

practical effects of governmental policies and decisions on economic matters. Due account is taken of practical difficulties aired in this forum. It serves as an open direct line of communication for a continuous two-way dialogue. Similar institution is being spread to all the provinces to encourage and generate local initiatives which can be more responsive to their particular needs. Incidentally, I am pleased to note that the participation of the private sector in my missions abroad, including this one, originated from discussions which took place in this group.

I am sure that both my government colleagues and those representatives of the Thai private sector who are with you today will be more than happy to discuss ways of improving economic relations between our two countries.

Canada is a big industrialized country with vast resources and wealth and people who have at their disposal a wide range of entrepreneurial skills and capital. Yet, in spite of our obvious differences, Canada and Thailand have much in common. We both have stable, democratic political and social systems. We are both committed to the free-market system. We both have a very large agricultural base and important resources, especially oil and natural gas and other vital commodities. We both have enterprising peoples who always look toward ever broader horizons.

However, economic relations between Thailand and Canada are of more recent origin than those we enjoy with some European countries or with the United States. Thailand's major trading partners are Japan, the United States, and the European Community. The United States is our largest investor in terms of stock of investment as well as of overall flow. Japan ranks as our largest investor in promoted activities.

In comparison, the trading between Thailand and Canada remains very small and this leaves a great deal of unexplored potential. We would like to see an expansion in economic links between Canada and Thailand. In the past, distance has been an inhibiting factor, but the world has been shrinking rapidly and the economic changes in the Pacific region are creating new markets, associations and importance as to how centrally a country is located. We welcome these changes as they present both challenges and opportunities now that Canada is looking increasingly in our direction.

I am very hopeful about the promising prospects of enhanced business contacts between our two countries. As I mentioned earlier, a very real degree of complement exists between our two economies – and that is not only a Thai perspective. Your country's distinguished Minister for International Trade, Mr. Gerald Regan, had this to say in a speech to the Thai business community in Bangkok last May.

> Canadian industrial and business strengths fit surprisingly well with the major sectors of development in the Thai economy. As I urge you to receive positively our request to participate more deeply in Thailand's development, I believe that these greater links can be founded on genuine affection and respect between our two countries.

I fully concur with your Minister's sentiments. Indeed, my presence here in Toronto today should be taken as a strong expression of the Thai government's desire to see Canadian business participate in Thailand's development endeavours ever more actively.

During my few days here in Canada, I have discussed several issues, economic and political with your Prime Minister and Cabinet as well as leading businessmen and academics. I have also had a fruitful discussion with the Members of the Board of Trade at Vancouver and many members of the Alberta-Thailand Task Force who were kind enough to be there as well. I would like to thank you now for all the opportunities you have given me and my colleagues during this visit to inform you about our country and the possibility of co-operation for our mutual benefit. I appreciate the hospitality and the very warm welcome you have extended to me throughout my stay in your country.

Ladies and gentlemen, I and my colleagues in the public and private sectors look forward very much to seeing you again at some future time when you visit our country. If the reason for your visit is concerned with the promotion of a successful and mutually profitable business relationship between our two nations, that visit will be made even more meaningful, adding even greater dimensions to the new era of Canadian–Thai relationship.

Thank you very much.

The appreciation of the audience was expressed by George D. Butterfield, President of The Canadian Club of Toronto.

APRIL 26, 1984

President's Report – Annual General Meeting

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Ladies and gentlemen of The Empire Club of Canada: Notice has been provided that our annual meeting is to be held on this date, and I have asked our club Secretary, Patrick Boyer, to act as secretary for the meeting.

In accordance with Article VI, Sub-section 2, of our Constitution, I am pleased to report on the year's proceedings and work, together with an interim report on our financial affairs. The audited financial statements will be included in our yearbook when published in the early fall.

The annual report has been printed and copies are placed on each table for your review when time permits. However, since we have a weekly following on radio and television, it is my intention to give a very brief synopsis of this report for the benefit of that audience. (The full report, rather than the synopsis, is provided below.)

PRESIDENT'S REPORT

I am pleased to submit the annual report of the President on the operations of The Empire Club of Canada in its eighty-first year.

Speakers' program

The year was one of celebration in several respects – our first meeting of the season was a special one held jointly, as has been the case for the last several years, with the Royal Commonwealth Society in celebration of Canada's birthday. It was an unusual and most pleasant opportunity for us to meet and be addressed by Canada's first prime minister, Sir John A. Macdonald (as portrayed by the actor Robert Christie). It was also a year of celebrating our club's eightieth anniversary, which we did on November 17 with an eightieth anniversary luncheon addressed by the Honourable Joseph R. Smallwood, on the importance of and his love for Canada. Later in the season, on Sunday, March 4, we celebrated further at a special eightieth anniversary celebration tea in the Great Hall of Hart House, with a large eightieth anniversary birthday cake, and our own special "Empire Blend" of tea. Finally, 1984 is Toronto's sesquicentennial, and Ontario's bicentennial, year. To celebrate this, Dr. J.M.S. Careless talked to us about life in Toronto in 1834 from the perspective of a visitor to the city at that time. Our annual Christmas luncheon, in the presence of His Honour John B. Aird, Lieutenant-Governor of Ontario, with carols by the Bishop Strachan School Choir under the direction of Mrs. Maureen Kolassa, was, as usual, well attended. On April 6, the year was rounded out by our third Empire Ball, with the Honourable Pauline McGibbon as guest of honour.

It was our good fortune to start our regular season in late September, jointly with The Canadian Club, with an address by the Right Honourable Margaret Thatcher to an audience in excess of seventeen hundred, and to have another head of state, His Excellency General Prem Tinsulanonda, Prime Minister of Thailand, at the end of the season. In between those dates we were addressed by the Honourable Allan MacEachen, our own Deputy Prime Minister, on the subject of the United Nations today, and by Ontario's Premier, the Honourable William G. Davis, on the state of the economy. Allan Gotlieb, Canadian Ambassador to the United States of America, talked about Canada–United States relations while His Excellency Kiyohisa Mikanagi, Japanese Ambassador to Canada, focused on developments in Canada–Japan relations. In the fall, we were addressed by the Honourable Michael Pitfield on senate reform, and by Solicitor General Robert Kaplan on Canada's proposed security bill, while Quebec's Finance Minister, the Honourable Jacques Parizeau, came to the club in early January to update us on Quebec in the eighties.

Economic policy and matters related to business are of ongoing importance to our members. It was therefore to be expected that interest was strong in hearing John Kenneth Galbraith in early October. Attendance was also very good for the address in January by Robert Waterman, Jr., author of the best-selling book, *In Search of Excellence*, and for a British industrialist's view of Britain today from Sir Alex Jarratt, Chairman of Reed International. The Bank of Montreal's William Mulholland addressed us on the economy and banking while Alan Marchment of Guaranty Trust Company gave the perspective of the Trust Companies Association. Victor Rice of Massey-Ferguson selected the subject "Imperatives for Business Survival: Learning to Live with Less" as his topic in January, while labour's view of the economy was given by Robert White, Canadian Director of the United Automobile Workers.

Three speakers addressed us on topics related to science and technology. Dr. Stuart Smith, Chairman of the Science Council of Canada, urged us to look more actively to Japan and the East for trade opportunities and co-operation, while our own past president, Mr. Ian Macdonald of York University, is about to address us on education and innovation. In the energy field, Milan Nastich of Ontario Hydro talked on nuclear power and Canadian electricity.

While the interest of our members, based upon attendance at meetings, is largely in the area of political or business/economic-related addresses, the club has always attempted to balance such topics with suitable addresses focusing on the arts and other areas of importance. I believe this to be extremely important for a strong future of the club, and to keep The Empire Club a forum of interest to a broad cross section of Torontonians. Two excellent addresses related to the arts in Canada were given from the perspective of two Canadians with world-wide recognition. On the first occasion, the late photographer Roloff Beny spoke on "What Is Wrong with Loving Canada?" and on the second, Canada's most successful film producer and director, Norman Jewison, spoke on the power and influence of film. The role of The Banff Centre in Fine Arts education was also discussed by Dr. Paul Fleck, its director. Two other Canadians pre-eminent in their fields, addressed us for the first time – Toronto's world-famous literary critic, Dr. Northrop Frye, on "The Authority of Learning," and Canada's foremost courtroom lawyer, John J. Robinette, on Canada's new Constitution. It was also our pleasure to be addressed by June Callwood, one of Canada's most highly respected people in the field of civil liberties.

Membership

Membership in The Empire Club continues at a strong level. We currently have seven honorary life members, and our life members have increased each year to our current level of 199. During the year, a record number of spousal memberships were taken out – either new memberships or regular memberships switched to this category – bringing this category to 169 memberships representing 338 members. In the category of regular members, we have had 1,872 renewals and 404 new members, for a total of 2,276 regular members. Thus, at the current time, the club has 2,651 memberships, representing 2,820 members. This is an increase of 305 members (12.2 per cent) over the prior year.

At a recent meeting, your directors agreed that it would be desirable to establish a new membership category – spousal life membership. A motion on this is being made at a meeting of directors immediately following the annual meeting and, if adopted, it will become available next year.

During the current year, the retirement from office of our Honorary President, the Governor General of Canada, His Excellency the Right Honourable Edward Schreyer, was announced. The Honourable Jeanne Sauvé has been invited to become the club's honorary president upon succeeding His Excellency to the office of Governor General. It is hoped that the club will have the opportunity to welcome our new honorary president during the 1984–85 season.

Attendance

Attendance at our twenty-eight luncheon meetings to date has averaged 364, as compared to 345 over thirty meetings last year.

Finance

For the last five years, membership fees have remained unchanged – $25 for regular membership, $35 for spousal membership, and varying amounts depending on age for life membership. Luncheon prices for members are normally kept close to cost, but an extra $3 is charged for guests and other non-members. In order to maintain operations on a break-even basis, it is important to control costs as tightly as possible and to plan certain events which are priced so as to generate additional revenue. I am pleased to report that, based on preliminary numbers as presented by our treasurer, in the current year our revenue has exceeded expenses by approximately $11,000, bringing the club's surplus to some $30,000. This is largely due to the financial success of the luncheon addressed by the Right Honourable Margaret Thatcher, and to a lesser extent to the Canada Day and Christmas luncheons, and the Galbraith luncheon. During the year, the club contributed $16,000 to The Empire Club Foundation for publication of the yearbook. A significant part of our ability to do so was due to the strong support received for the Empire Ball, which raised $9,000.

Board of Directors

The success of our club is a result of the contribution of our forty directors and other volunteers who willingly take on a variety of tasks, which taken individually are often not widely noticed, but which taken together are the essence of what makes our meetings progress effortlessly and tastefully. This is so much of what makes The Empire Club of Canada unique. In particular, we have appreciated the contribution of the committee chairmen and vice-chairmen whom I wish to recognize by listing below:

Budget and Finance Committee
  Chairman – Ronald Goodall, C.A.
  Vice-Chairman and Treasurer – Diana L. Chant, C.A.

Membership Committee
  Chairman – Harry T. Seymour
  Vice-Chairman/Directors – H. Dennis Madden
  Vice-Chairman/Renewals – J. Patrick Boyer

Attendance Committee
  Chairman – J.A. William Whiteacre, M.M., C.D., Q.C.
  Vice-Chairman – John D. Herrick

Head Table Committee
  Chairman – Montague Larkin, C.A.
  Vice-Chairman – Sarah A. Band
  Vice-Chairman – Michael A. Meighen, Q.C.

Head Table Reception Committee
  Chairman – Charles C. (Bud) Hoffman
  Vice-Chairman – A. Carlyle Dunbar

Reception Committee
  Chairman – Clarence B. Crummey, M.D., F.C.F.P.(C)
  Vice-Chairman – Dr. James A. Parish

Publicity Committee
  Chairman – Nona Macdonald
  Vice-Chairman – Robin J.T. Chetwynd
  Vice-Chairman – Gordon G. Steele

Weekly Notices Committee
  Chairman – A. Carlyle Dunbar
  Vice-Chairman – Lindsay K. Shaddy

Christmas Party Committee
  Chairman – Leslie C. Parkinson
  Vice-Chairman – Ronald Goodall, C.A.

Past President's Dinner Committee
  Chairman – Jerry A. Collins
  Vice-Chairman – Hugh P. Stewart, C.D.

Constitution and Legal Committee
  Chairman – R. Bredin Stapells, Q.C.
  Vice-Chairman – H. Allan Leal, Q.C., LL.D.

Nominating Committee
  Chairman – Brigadier General S.F. Andrunyk, O.M.M., C.D.

Yearbook Committee
  Editor of the Yearbook – A. Carlyle Dunbar

Special Events Committee
  Chairman and Chairman of 80th Anniversary Tea Sub-Committee – H. Dennis Madden
  Vice-Chairman and Chairman of Empire Ball Sub-Committee – Paul D.J. Clark

The Empire Club Foundation

The Empire Club Foundation, under the able leadership of Major General Bruce J. Legge, fulfills the valuable role of ensuring the annual publication of the yearbook. In addition to our members, libraries across Canada receive these addresses free of charge, and we are most appreciative of the continuous efforts of the Foundation directors and officers in making certain that it is adequately funded.

Staff and assistance

In particular, I, on behalf of our members, want to thank Eleanor Cook, the club's Executive Secretary, who has provided invaluable assistance to each of the last fourteen presidents. Mrs. Cook is relinquishing her duties effective April 30, and we will miss her greatly. For a transitional period, she has kindly agreed to assist her successor, Miss Anne Lato, on a part-time basis. During the current year, Mrs. Cook has been ably assisted two days a week by Sheilah Adams.

I am personally appreciative of the efforts of my secretary, Bernie Camacho, who has worked long and hard during the last year assisting me in fulfilling my responsibilities. In addition, Dorothy Sedgwick and Nancy Wells, the Price Waterhouse librarians, have been most helpful in obtaining resource material in preparation for weekly introductions. Last, but far from least, I have appreciated greatly the unswerving support of my wife Margaret in making the year so enjoyable, even though it has proven demanding for our entire family.

Throughout the last year, no one could have experienced the pleasure and satisfaction that I did in carrying out my duties as your president. It is a wonderful opportunity to have had, and I appreciate tremendously your having elected me to this historic and important office.

Respectfully submitted,

Douglas L. Derry

MR. DERRY:

I move the acceptance of the report. May I have a seconder?

MR. STEELE:

It is my pleasure to second the motion of acceptance of the report of the president and in so doing so to thank him for its excellence and for his outstanding success in making this a memorable 80th Anniversary Year of The Empire Club of Canada.

MR. DERRY:

Thank you, Mr. Steele, for your thoughtful remarks. It is seconded by Mr. Steele that the President's Report be accepted.

Ladies and gentlemen, I now call upon our distinguished Past President, Brigadier General Stephen Andrunyk, to report on the work of his nominating committee.

BGEN. ANDRUNYK:

Mr. President, distinguished guests, members and friends of The Empire Club of Canada: It gives me much pleasure, as Chairman of the Nominating Committee, to report to you on the work of the Committee which was constituted in accordance with Article III of the club's Constitution and which comprised the following members:

From the Board of Directors

Brigadier General S.F. Andrunyk, O.M.M., C.D.
Mr. J.A. Collins
Brigadier General R.W. Lewis, C.D.
Miss Nona Macdonald
Mr. J.A. William Whiteacre, M.M., C.D., Q.C.

From the Membership at Large

Mr. Willis L. Blair
Mr. W. Karn
Major General B.J. Legge, C.M.M., E.D., C.D., Q.C.
Mr. P. Hermant

Our President, Mr. Douglas L. Derry, F.C.A., served on the Committee in an ex-officio capacity.

The Nominating Committee is pleased and privileged to report that the Honorary Officers of the Club for the 1984–85 season will be:

Honorary President – His Excellency the Right Honourable Edward Schreyer. After assuming the office of Governor General next month, it is hoped that Her Excellency the Right Honourable Jeanne Sauvé will assume this office.

Honorary Chairman – His Excellency the Right Honourable D. Roland Michener, P.C., C.C., C.M.M., C.D., Q.C.

Honorary Vice-President – The Honourable Captain (N.) John B. Aird, Q.C., O.C. – Lieutenant-Governor of Ontario

Honorary Chaplain – The Very Reverend Ernest M. Howse, S.T.M., PH.D., D.D., LITT.D.

Honorary Secretary – His Worship, Mayor Dennis Flynn, Mayor of Etobicoke

Honorary Treasurer – Mr. Marvin Gelber

Honorary Solicitor – Mr. H. Allan Leal, LL.M., LL.D., D.C.L., Q.C.

Honorary Assistant Secretary – Mr. W. Malcolm McIntyre

The Nominating Committee is also happy to report that Mr. J. Patrick Boyer will continue to be our Secretary and that Mrs. Diana Chant will remain as the club's Treasurer. Mr. Leland H. Ausman will continue to serve as the club's Archivist and Mr. A. Carlyle Dunbar will be the Editor of the Empire Club Yearbook.

According to the club's Constitution, "the Board of Directors shall consist of forty members, including at least four Past Presidents, one of whom shall be the Immediate Past President and three others shall be the three Past Presidents immediately preceding the Immediate Past President if they are willing and able to act as directors."

The Nominating Committee nominates our incumbent President, Mr. Douglas L. Derry, F.C.A., and Mr. John A. MacNaughton, Dr. Reginald Stackhouse, and Brigadier General S.F. Andrunyk, O.M.M., C.D., as the four presidents to serve on the Board for the 1984–85 season.

Your Nominating Committee is happy and privileged to recommend unanimously that the following serving members of the Board of Directors remain on the Board in the coming year:

Mr. Setrak Adourian
Miss Sarah A. Band
Mr. Richard J. Bennetts
Mrs. Jean Casselman Wadds
Mr. Paul D. Clark
Mr. Jerry H. Collins
Dr. Clarence B. Crummey
Mr. Ronald Goodall
Miss Lorraine Gotlib

Mr. John D. Herrick
Mr. Charles C. Hoffman
Mr. John P. MacBeth
Miss Nona Macdonald
Mr. H. Dennis Madden
Mr. Ian McPhail
Dr. James A. Parish
Mr. Leslie C. Parkinson
Mr. Bruce Rankin
Major the Reverend Harold F. Roberts
Mr. Robert A. Robertson
Mr. Jean Pierre Scheidegger
Mrs. Margaret Scrivener
Miss Lindsay K. Shaddy
Mr. Gordon G. Steele
Mr. Terrence Tyers
Mr. J.A. William Whiteacre, M.M., C.D., Q.C.

Your Nominating Committee is unanimous in its decision to nominate the following new members for the Board of Directors:

Mr. Willis L. Blair, Chairman of the Liquor Licence Board of Ontario and a long-time Honorary Secretary of the club

Mr. Robert Gulliford, Vice-President International Banking and World Trade, Royal Bank of Canada

Mr. G. Alex Jupp, Vice-President Public Affairs, Molson Ontario Breweries Limited

The Honourable Daniel A. Lang, Partner, Lang Michener and a member of the Canadian Senate

Lieutenant-Colonel Gary S. Thomson, C.D., Vice-President, Constellation Insurance Company and a senior staff officer at Toronto Militia District Headquarters

Mr. Kenneth G. Whiteside, C.A., Vice-President Corporate Planning and Control, Trans-Canada Pipelines

In addition to the above-named nominees, your Nominating Committee also recommends whole-heartedly the election to the Board of the following three gentlemen who will be proposed to the Board of Directors for appointment to the three posts of Vice-President:

First Vice-President – Mr. Harry T. Seymour
Second Vice-President – Mr. Montague Larkin, C.A.
Third Vice-President – Mr. Michael A. Meighen, Q.C.

Finally, your Committee is delighted to nominate for the presidency of The Empire Club of Canada for its 1984–85 season, Miss Catherine R. Charlton, who will be the first woman in the history of the club to achieve that honour.

Miss Charlton was first elected a Director of the club in 1975. She has consistently contributed to the work of the club, beginning with her sponsorship of fifty new members in one year. Since then, she has chaired the Membership Committee and the Empire Ball and has served on Committees for the Head Table, Speakers, and the Past President's Dinner.

We know that during her year as President, Miss Charlton will draw on her considerable experience from both the public and private sectors, as well as politics. She started her career in 1969 as the only woman in the Ontario government's administrative trainee program and went on to be Executive Officer to the Premier. When she left the government in 1976, she joined the Ford Motor Company of Canada to be their first woman manager in Canada. She went on to be the Director of Programs at the Business Council on National Issues and now operates her own business, Charlton Associates, financial campaign advisers.

Miss Charlton has been active in a number of volunteer organizations since coming to Toronto from London, Ontario. She twice ran for the provincial nomination in Armourdale riding, was a member of the Ontario Status of Women Council, was Vice-President of the Ontario Progressive Conservative

Association of Women for six years, served on the Red Cross Financial Advisory Committee, and is a founding member and Director of the Institute for Political Involvement. She has a masters degree in Political Science from the University of Western Ontario.

Ladies and gentlemen, I am honoured to place Miss Catherine Charlton's name in nomination for the presidency of The Empire Club of Canada. Your Nominating Committee is confident that she will provide the capable leadership that has been the hallmark of presidents of The Empire Club of Canada since its founding in 1903.

This concludes the report of your Nominating Committee and I have the great privilege to move that it be accepted.

MR. DERRY:

Thank you, Brigadier General Andrunyk.

Is there a seconder for the report submitted? The report is seconded by Mr. Karn. All in favour? Carried.

Ladies and gentlemen, it is proposed by Brigadier General Andrunyk that the names brought forward be elected to serve in the 1984–85 year of The Empire Club of Canada. Are there any further nominations?

With characteristic Empire Club alacrity, it is moved by Dr. Clarence Crummey and seconded by Mr. Leslie Parkinson that nominations be closed.

Those in favour of the motion say "aye." Carried.

I ask our secretary, Mr. Boyer, to cast a single ballot in favour of those directors named in the report of the nominating committee.

MR. BOYER:

Mr. President, as Secretary, and under the terms of Article III–3 of the Constitution of The Empire Club of Canada, I hereby cast this single ballot in favour of those names that have been read by the Chairman of the Nominating Committee as members of the Board of Directors for 1984–85.

MR. DERRY:

I now declare these members properly elected as directors of The Empire Club of Canada for our eighty-second year and I also request that they remain after this luncheon for a brief meeting of the directors. I am most pleased to congratulate our President-elect, Catherine Charlton, to pass to her the chain of office, and to invite her to address us now.

MISS CHARLTON:

Mr. Chairman, members and friends of the Empire Club: I thank you, Brigadier General Andrunyk, and your committee, for nominating me as your president. It is an honour and a pleasure to accept the presidency of The Empire Club of Canada, and I can assure all of you here that I will maintain the high standards of the club – by which I mean we will perpetuate the high calibre of the speakers, and the formal conduct of the meetings.

Referring to a presidency far more onerous than the one I am assuming, the great American humanist Thomas Jefferson wrote in a letter, "No man will ever bring out of the presidency the reputation which carries him into it." My alarm on first reading this was lessened when, on rereading it, I noticed that Jefferson had specifically said, "no *man*." This may just be another example of the many advantages there are in being a woman.

The Empire Club has a long and honourable history, which has been reflected in the season now ended. I congratulate Douglas Derry for a successful year, and I thank him for leaving the club in such a strong position.

You have heard from the President's Report that our membership is more than 2800 and that the average attendance at meetings has been maintained as well. Historically, the Empire Club has attracted outstanding speakers from many countries of the world because we do offer Canada's premier forum: an audience of interested and influential people who come together to be informed and inspired.

Knowing this, and recognizing the reciprocal relationship of audience to speakers, I have been working with your executive to ensure that you and your friends will enjoy an outstanding schedule of meetings during the new season.

To describe the new political and business stories that will dominate the fall term, I look forward to welcoming such speakers as Mr. Eddie Goodman and Dr. Henry Kaufman, Senior Economist at Solomon Brothers. In anticipation of an election in Canada, we expect to hear from the leaders of Canada's major political parties, and invitations have been sent.

In the meantime, as is our tradition, we will join with The Royal Commonwealth Society for a Dominion of Canada Day luncheon. Please mark this on your calendar – Thursday, June 28 in the Imperial Room, here in the Royal York. The award-winning Toronto Children's Chorus will sing for us, and I know that you will be entertained and inspired by their performance.

My confidence in predicting that this next year will be a good one is strengthened by the character of the board I will be working with. No president could ask for a more resourceful or responsible one. I consider myself very lucky in this regard. On this point, I would like the new Board of Directors to please meet with me in this room immediately following the meeting.

Let me say again how much I look forward to being your president for the year to come, how much I appreciate the good work done by Douglas Derry and the Board of Directors, and how grateful I am to everyone in the room for the great distinction you have conferred on me. Thank you.

MR. DERRY:

Thank you, Catherine. I know that everyone present joins me in wishing you well for the upcoming year.

APRIL 26, 1984

Education and Innovation: Twin Paths to Canada's Future

AN ADDRESS BY H. Ian Macdonald, O.C., K.L.J., LL.D.
PRESIDENT, YORK UNIVERSITY
CHAIRMAN, IDEA CORPORATION

CHAIRMAN The President,
Douglas L. Derry, F.C.A.

MR. DERRY:

Distinguished Past Presidents, members, and guests: With the business side of our meeting completed, we can proceed to the part that I know you have been looking forward to. It is always a pleasure to welcome back to this podium a Past President of our club. We normally have this opportunity throughout the season when our Past Presidents and Directors are good enough to express appreciation to the speaker of the day, and Mr. Macdonald was kind enough to do so when Robert Waterman addressed us last January. It is less frequent that we welcome a Past President as the main draw – and far less frequent that we do so for the fourth time. Indeed, only two of the club's Past Presidents have addressed our members more frequently – the Honourable George Drew and the Honourable Howard Ferguson – both former premiers of the province. It made me wonder, Ian, with your experience as a civil servant, combined with your political expertise in a university, whether this might be an indicator of something! But back to the subject at hand.

As your many friends who are present today know, your career to date has been varied and most distinguished. After graduating from the University of Toronto with the Governor General's medal for top marks in the Faculty of Arts and the

Cody trophy for contributing most to athletic life at University College in 1952, you were off to Oxford as a Rhodes scholar to obtain a masters degree in Economics and a Bachelor of Philosophy. Then followed ten years of academic life at the University of Toronto, first as a lecturer, then as an assistant professor of Economics and also as Dean of Men, University College.

Next, there were nine years with the Government of Ontario, in which Ian started as Chief Economist and quickly rose to, at the time of changing direction again in 1974, Deputy Treasurer, and Deputy Minister of Economics and Intergovernmental Affairs. In recognition of his many valued contributions, Ian's Toronto *Alma Mater* honoured him with an honorary doctorate that same year.

Also in 1974, Mr Macdonald resumed the life of an educator, with his appointment as President of York University, a post which he still fills most ably. With this varied background and breadth of interest, it is not surprising that Mr. Macdonald has for many years been a director of a large number of companies, associations, and charities. In recognition of these many contributions, Mr. Macdonald was in 1977 made an officer of the Order of Canada, in 1978 a Knight of Grace of the Order of St. Lazarus, and in 1980 he received the Citation of Merit, the Court of Canadian Citizenship.

I mentioned his many other activities. One of these responsibilities – and the context in which Mr. Macdonald joins us today – is as Chairman of Ontario's recently established Crown Corporation, IDEA Corporation – Innovation Development and Employment Advancement. IDEA Corporation was established to encourage and finance the commercial development of technological innovation. You will note a complementary objective to that of the Science Council of Canada, and theme to that of Dr. Stuart Smith, who addressed us late last month.

Somewhat similar to the Science Council, IDEA Corporation is expected to participate in public policy development and education as it relates to technological innovation. However, it is also expected to be a venture capital investor in private sector technological innovation and development, and a broker of technology, arranging licences for new developments so companies can put new technology to use. To accomplish this, IDEA Corporation has received total funding of $107 million over five years from the Board of Industrial Leadership and Development of the Ontario government.

In deciding on a topic today, Ian selected "Education and Innovation: Twin Paths to Canada's Future." I know that you will agree with me that his distinguished career as an educator, economist, government policymaker, and now Chairman of IDEA Corporation make him well qualified to address us on this topic. Please join me in welcoming Mr. Ian Macdonald.

MR. MACDONALD:

Mr. Chairman, ladies and gentlemen: As a Past President of The Empire Club of Canada, I am highly conscious of the honour that accompanies an invitation to this platform at any time. To have been asked to address the club for the fourth time surpasses any reasonable entitlement on my part. However, I am delighted to speak to you again, particularly at an annual meeting.

I discover that there is a common thread running through each of my addresses, although I doubt that you remember them all as well as I do! In 1961, I embarked upon a verbal tour through the young and evolving European Common Market. In February 1974, I reflected on the role of universities and provided my response to the question, "Who Needs Them?" And then in April 1975, I analyzed Canada's economy with that question of Bertolt Brecht, "Can We Advance Back to Reason?" However, that common thread now threatens to spin itself not into a seamless web, but into a shroud that could mark the end of the great prospects for this nation over the next two decades and into the next century if we do nothing to save them. "The Twentieth Century will belong to Canada." So said

Wilfrid Laurier – but what, we must now ask, of the twenty-first?

And so today, I want to tackle the rather ambitious task of offering some views on the future of Canada based on my own experiences of the past twenty-nine years. As you have indicated, Mr. Chairman, that period of service includes university teaching, a decade in the public service of Ontario, and university administration. I recall the parody that the late Sidney Smith, when President of the University of Toronto, offered on that aphorism of George Bernard Shaw, "Those who can, do; and those who can't, teach." Dr. Smith went on to suggest that, "Those who can't teach, administer – and those who can't administer, work for the government!" Thus, when I conclude my presidency on the first of September, I will continue my climb back to redemption, through re-entry into the lecture halls of York University.

However, when anticipating that moment in time, my thoughts turned to other opportunities that might await me. As a child, the first subject I can recall contemplating was what lay beyond the beyond, and hence I have had a lifelong dream of travelling in space and exploring the universe. And so, as I was preparing for the end of my ten-year term as President of York University, the Canadian astronaut competition was announced; naturally, I applied. I was both surprised and disappointed not to survive the final round.

My wife suggested that my high hopes were surely unfounded. "After all," she said, "you began flying back in the period when one pulled down the aircraft window, wet one's finger, and stuck it out to see which way the wind was blowing!" However, I pointed out that any technical shortcomings on my part were more than compensated for by unquestioned personal integrity, impeccable judgement, and a great range of experience. Besides, I suggested, there must be any number of faculty members who would gladly provide me with an instant launching pad, and, after ten years as a university president, who could be more "spaced out" than I am?

What I have learned is that the sky is the limit – rather there are no limits – for this country if we agree to follow the twin paths of education and innovation. Nothing can dampen our prospects if we believe in ourselves and if we believe in our capacity to exploit our opportunities. This means that we must recognize that the history of the world is the history of ideas, and that the winners in the twenty-first century will be those who use to full advantage their human resources to harness their innovative ideas. And these are the subjects I wish to discuss with you today.

We are at a point where a number of fundamental questions are being asked about education and about universities in particular. Let us remember that the past 200 years, on a global scale, and the last 120 years, in Canada, have been the years of the industrial revolution. Canadians were involved to the full in that process through the exploitation of our natural resources, along with a participation in the international economy to the extent of some 30 per cent of our gross national production.

However, we are now entering a new revolution, the information revolution, in which the key ingredient will be the skills of individuals and the innovation born of research and development. Whereas we enjoyed a comparative advantage in natural resources, we enjoy no such advantage where people are concerned. We have no monopoly on knowledge and every nation of the world is possessed of a like share of bright and increasingly educated people. For Canada to compete, we must not only invest in our people, but we must turn their attention toward the development of new ideas and the application of those ideas to our economic process.

The most inspiring period of time for me during my university years has been convocation week, when I have had the opportunity of looking out at the faces of people who have worked hard and struggled greatly in order to ensure that their children had the opportunity of going to university. The great glory of Canada and the expectation of those who came here to make their lives and to build their homes and families was that there would be such opportunities for those who had the ability to undertake them. That is the reason why I believe that accessibility to university must be a cardinal value in Canadian society, quite apart from economic considerations.

And I wish all of you could have shared my experiences over the past ten years in seeing the enormous strength and potential in our young people, people who, incidentally, are achieving new standards of attainment in their personal lives. You might be interested to know, for example, that some 85 per cent of the students in York University come from homes where neither one of the parents went to university.

But what of the economic considerations? The principles of economics teach us that we maximize our production when we use our resources to their fullest potential. Today, that means, as I suggest, essentially our human resources. Therefore, we cannot afford not to develop our individual capacities to their fullest potential unless we are prepared to lag behind our competitors in the world. And that is a matter which can be documented not only in comparison with other OECD countries, but also with other emerging productive nations.

I believe that, unless we put our heads in the sand, the most important task confronting universities is to avoid pessimism and to challenge the conventional wisdom that universities face a downward slide in the 1980s and 1990s. In order to do so, we must demystify some of the popular thinking about enrolment prospects, and make our case on the grounds that adequate funding is not only in our interests but is, moreover, a prerequisite to economic and social progress on a world scale. "The relationship between the worlds of work and of education is becoming closer, as economic activity becomes increasingly based on knowledge rather than on human or mechanical muscle." So said the British industrialist, Sir Adrian Cadbury, at the Commonwealth Universities Congress in Birmingham last August while warning governments against their traditional response to the financial pressures arising from slow growth – cutting their investment in higher education.

With the state of the world economy as it now stands, the financial outlook for our universities is at first glance bleak, to say the least, particularly since we are so dependent upon government grants for the major portion of our funding. However, the reversal in our economic fortunes must begin with renewed faith in investment in people, their education, and universities in particular. University education is more important now than ever before for two reasons: first to provide the knowledge that will enable us to improve our economic performance in the face of diminishing resources; second, to provide us with the capacity to live a very different style of life. Our real task is to start preparing society and individuals for that day twenty-five or even ten years hence when the world will look so different.

While I am on the topic of changes over a ten-year period, I am reminded of the story of a graduate who returned to his *Alma Mater* to pay a visit to his favourite economics professor. While they were talking, he noticed that the final exam was on the professor's desk and he leaned over to have a look at it. "Why, this is exactly the same exam you set for my class ten years ago!" he said. "Yes," replied the professor, "the questions are always the same." "But don't your students get wise?" "No – there is no danger in that," said the professor, "because, while the questions remain the same, in economics we keep changing the answers!"

In matters of our economic and social future, both the questions and the answers are changing radically. It is vitally important that the universities retain the capacity to play their part in the asking of the questions and in the providing of the answers. For example, while we were once able in Canada to depend on "imported" technological skills from Europe and the United States, that is no longer possible; therefore, we must now develop our own technological skills on a massive scale.

We must allow people to get the best out of their working lives by matching their skills to new opportunities. This will require the provision of degree and non-degree programs to meet the changes in society's demands for:

- a broader education for those who received a narrow technical training and wish to expand their educational base and change their roles;
- upgrading in competence and perspective for people faced with early obsolescence of their knowledge or skills;
- regular updating for professionals (teachers, planners, environmentalists, lawyers, managers, etc.); and,
- introduction to new technological developments in certain fields that I shall be referring to later.

For years past, I have argued that economic policy and educational policy are two sides of the same coin. There is no future in maintaining obsolete or non-competitive industrial structures or blocking technological progress. We must produce managers and entrepreneurs able and willing to breathe new life into existing industry through the infusion of new technology. On the other hand, we cannot persuade business and labour of the folly of opposing industrial and technological change or hanging on to a job at all costs, if our people have no sense of security and no confidence that they can and will be retrained for new jobs. We must be prepared to substitute investment in people for the present inclination to shore up and maintain declining and non-competitive business.

Continuing education will be increasingly important, as more people who were denied an opportunity at one time in their lives have a second or third chance, and as retraining becomes the norm. And much of this will be conducted on a part-time basis. As part-time study becomes more and more prominent, the university, in turn, must then adapt its procedures radically to cope with changing styles and expectations. We must be prepared to take the university to students as well as taking students to the university. Education at the workplace, on weekends, and by the electronic media will be commonplace in the future.

The fact is that Canadians have some of the best brains and the best ideas in the world. Certainly, in my experience as Chairman of IDEA Corporation, I have been impressed with the great potential that we have for innovation. IDEA Corporation, a provincial crown corporation, provides venture capital and pre-venture capital for technological innovation, in attempting to advance the commercialization of new ideas, and thereby in the long term, to raise the thresholds of our technological industries and, of course, increase employment. At the same time, we have the responsibility of bridging the well-known gaps between government, business, and education. Let me now turn from the importance of our universities to the path of innovation, as it leads, beside its educational twin, to Canada's future.

Our problem in Canada is not in producing ideas, but in our general tendency to resist the diffusion of technology, and in some particular impediments to advancing and developing innovation. Long-standing circumstances are partly to blame. We have a comparatively small, resource-based, and largely foreign-controlled economy, which is technologically underdeveloped. For every one hundred dollars of high-technology products crossing our borders either way, we incur a deficit of about thirty-three dollars. Our spending on research and development, proportionate to national income, continues to lag seriously behind that of our major trading partners and countries of comparable size and industrial structure. The business sector in Canada conducts considerably less of our national R and D than business sectors in other OECD countries. And, perhaps of greatest concern, the Economic Council of Canada has demonstrated recently that Canadian industry is generally slow in adopting and adapting new products and processes even when the benefits of doing so are evident.

A long-standing issue in Canada has been the lack of risk capital for technological innovation. Our universities provide one of our principal sources of innovation, but risk capital has not been available to them. Instead, research in our universities is sponsored primarily by the federal government's granting councils, which normally finance research and development with no view to commercial application. Typically, however, two to four years of further development remain before that research can reach the marketplace. Unfortunately, for the venture capitalist outside the university such long lead times create unacceptable risk and high cost.

Not so very long ago, researchers in an Ontario university produced an insecticide highly effective in the control of black flies and mosquitoes, yet one that disintegrated rapidly so that it was free of damaging environmental consequences. In Canada, it was looked upon as a product that might have some application in Muskoka, but not much interest was shown in it. An Israeli firm, however, saw its great potential for third-world countries in the control of disease, and so that invention was financed, produced, and marketed in Israel – with the result that we are buying back our own invention at a high price. I could produce many such illustrations from the Canadian experience.

Until recently, the federal government and universities conducted more than half of Canadian R and D, the highest proportion by far of public-sector funding among major OECD countries. Canadian universities perform about 20 per cent and finance about 10 per cent of national R and D, only a small part of which is under contract to industry. The quality of this research is generally high. Too often, we fail to recognize its merit. Indeed, when I visited several Japanese universities two years ago, I concluded that our universities *were* more dedicated to research and graduate programs than theirs were. The problem is that far too little of this research is intended to be commercial. In practice, most of it is years away from commercial application and many projects are dropped before they get to the stage where private investors can take them on and develop them further.

Universities, therefore, can play a key role and have a major influence in raising national levels of technology. Clearly, the needs of industry must combine with the capabilities of the university. An interrelationship between industries and universities can be built on three fronts: 1) sponsored research; 2) cross-pollination among the laboratory, the office, the drawing board, and the classroom; and 3) the training of more entrepreneurs and the promotion of the entrepreneurial spirit.

In the competitive realities of 1984, when technology increasingly influences national output and employment, there can be no question that partnerships between the universities and industry shall serve, effectively, the needs of both. For instance, when undertaking to provide a loan to an innovative company, IDEA Corporation became aware that a certain British Columbia firm had been attracted to Ontario to expand its operation, because of our university resources. In other words, the capacity of our universities became a key factor in the research and development plan of that firm. However, this has not been our tradition. Too often, university researchers have perceived linkages with industry as a threat to the purity of their mission. Yet, I have noted that American university laboratories with strong, industrially oriented research continue to win their share of Nobel prizes.

In my view, the objective of university-industry partnership is critical enough to demand detailed assessments of how to structure and reorganize incentives to link the university to business. In the United Kingdom, for instance, policymakers are now considering a bonus provision within the university granting system, whereby twenty-five cents is provided by the government for every dollar obtained in industrial contracts. We are presently looking at such possibilities in IDEA Corporation, and I hope that Ontario's Bovey Commission will examine such an approach in its deliberations over the future role of higher education in our economy.

New technology and education must follow identical paths to progress, but their precise direction and bearings are exceedingly difficult to plan and realize, because their success is influenced, to a formidable degree, by that which has not yet happened! We must never forget that many of the technological innovations that have had the most pervasive effects upon our lives could never have been predicted. On the philosophi-

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Annual meeting speaker H. Ian Macdonald, President of York University and Chairman of IDEA Corporation, with outgoing President Derry.

cal side, of course, the surprises of human ingenuity are among our most valued characteristics. Therefore, while I do not believe that predicting the future will ever become a reliable or even a desirable science, I do believe that we can, and must, learn to be better prepared for, and adaptable to, change.

To do so is not as straightforward as it once was. In the past, during periods of relatively slow technological change and more rapid economic growth, it was easy to let the labour market send signals to high school students on their way to university. The colleges and universities let the market determine what disciplines should be emphasized, and thus education was "market driven."

But in the late 1970s, that system became increasingly less effective. Remember when the demand seemed high for computer programmers? The universities and colleges responded, but within four years, there was a glut of computer programmers on the market, and, to make matters worse, programming had become centralized by new "user-friendly" machines with built-in programming capabilities. Thus, the market prediction was not only untrustworthy, it was invalidated by unforeseen innovation.

To prepare ourselves for the jobs of the future, we can no longer rely on the vagaries of the market. Instead, we must understand how the world is changing and what will be different. We are coming to realize that certain core technologies will develop over the next ten years. Great strides are being made today in such fields as biological and medical science, microelectronics, composite materials, and automation. In educational planning, we must be mindful of the importance of these core technologies – without overemphasizing them in a single-minded way, as in the cautionary example of computer programming.

However, science and technology must be balanced by renewed efforts in the humanities and the social sciences. As science steps into the unknown, for instance, scholars in the humanities have a new responsibility on a host of ethical problems, not to mention interpreting and recording the meaning of human endeavour, at a time when we most need to get our bearings.

Let me mention a rather touching testimonial to the essential need for broadening scholarship in the realm of humanitarian concern to balance the more exciting and charismatic advances we are making in science and technology. Recently, I was asked to speak at a dinner in honour of six university students from across Canada who had won a competition for their predictions of the future in a number of technological areas. Their essays were full of wondrous ideas, particularly in computer technology. But the really admirable strain that ran through all their predictions was their stated need for conscience and for ethical guidance in limiting and shaping the inventions of science. Paramount was the worry that artificial intelligence might somehow rise up against us.

However, one student was confident in his humanitarian vision: he suggested that perhaps the intelligent machines we create would not, ultimately, "outdo us – rather, they would inspire us with a new reverence for life." "No machine," he affirmed, "could ever really play or dance or experience real joy." If we can keep that humanitarian vision in mind – of human wonderment and adaptability, and the triumph of *joie de vivre* – we can see our way steadily through even the most awe-inspiring and turbulent of technological advances.

I began by talking about the space program and my own wonder at the idea of infinitude. To me, The Empire Club has always stood for the Empire of Ideas, an empire – or indeed a universe – the frontiers of which extend, like space itself, in infinite directions. We must, in the words of Tennyson:

> Follow knowledge like a sinking star
> To the utmost bounds of human thought.

Yet, in following knowledge, let us place no bounds on the opportunities for young people in this country. Canada can provide boundless opportunities and our young people deserve them. We should be prepared to offer them no less. And so, the strategy I propose for the future is one that combines the magnificent strength of our educational system in Canada with a new curiosity and attitude that will seek out invention and innovation wherever they exist and ensure that they are diffused throughout our economy while insisting, as a matter of public policy, that we continue to retrain people for the opportunities that will evolve and that they so richly deserve.

Recently, I asked a young friend of one of my children how he was doing in school, and he replied "I'm doin' good. I'm doin' good in reading and in arithmetic and I'm doin' real good in grammar." In turn, I said, "Charlie, do you mean you are doing really well in grammar?" "Oh no," he said sadly, "I'm not doin' that good." We can do well, and we can do good in this country if we are only prepared to follow those twin paths that I have sketched out today.

The appreciation of the audience was expressed by Dr. Harold Cranfield, a Past President of The Empire Club of Canada.

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Constitution

As amended April 26th, 1973

ORGANIZATION OF THE CLUB

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   - (a) Honorary members
   - (b) Life members
   - (c) Regular members
   - (d) Corporate members

   All members of classes (a), (b), (c) must be the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminable at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.

   Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an in-

dividual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meeting. If nominations do not exceed the number of directors

necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the

Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee
   (b) Speakers' Committee

(c) Membership Committee
(d) Constitution Committee
(e) Reception Committee
(f) Publicity and Public Relations Committee
(g) Yearbook Committee
(h) Head Table Committee

provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.

2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

HONORARY MEMBERS

Comber, Walter W.
Gardiner, F.G., Q.C.
Kemp, A.S.H.
McIntyre, W.M.
Michener, The Rt. Hon. Roland, P.C., Q.C.
Ralph, R. Ford
St. John, J. Stanley

LIFE MEMBERS

Adams, N. John
Adourian, Setrak
Alexander, J.D. (Douglas)
Alexander, John P.
Allan, Dr. Blandford M.E.
Allan, William N.
Ambrose, Graham H.
Anderson, S. Donald
Ausman, Leland H.
Avison, Miss Ruby P.
Bagnato, Victor V.
Bassett, John
Baxter, Ian S.
Beare, S.E.
Beatty, D.S.
Beck, Miss M.E. Louise
Belyea, Everton R.
Bennett, Miss Ferne
Bennett, Dr. Ross C.
Best, Douglas W.
Birrell, Bruce
Blair, Willis L.
Borins, Norman
Broad, R.L.
Brooks-Hill, F.B.
Brown, Arthur E.
Burke, E.T.C.
Campbell, W. Allan
Carr, E.P.
Carter, Charles
Caswell, W.A., J.P.
Chatterson, Harvey
Chetwynd, Sir Arthur R.T., BT.
Clark, H. Spencer
Corey, George A.
Cotterill, Benedict G.R.
Craig, LCol. John A.D.
Cranfield, Dr. Harold V., F.R.C.P.(C)
Crummey, Dr. C.B., M.D., F.C.F.P.(C)
Dalton, Charles O.
Damiani, G.C., Q.C.
Davies, Bertha E.
Deacon, Fraser, Sr.
Del Zotto, Elvio
Derry, Dr. Duncan R.
Douglas, LCol. R.G., C.ST.J., C.D.
Drysdale, Mrs. Jessie G.
Duncanson, A.A.
Dungey, E.B.
DuVernet, E.A., Q.C.
Eaton, Donald L.H.
Etherington, Joseph L.
Evis, Frederick A.,Q.C., M.D.
Fabbro, J.J.
Forsdike, Frank E.
Frost, LCol. C.S. Jr., Q.C., C.D.
Funston, Hilliard T.
Gibson, George Raymond
Gillelan, D.R.
Gore, Graham
Graham, J. Rennie
Graham, John W., Q.C.
Graham, Kenneth G.
Griffin, Ian
Griffin, John W.
Groom, Robert Glenn
Halstead, B.
Hamilton, E.H.P.
Hanson, George S., M.B.E.
Hargraft, George M.
Haussmann, Rudi
Hellyer, Hon. Paul T., P.C.
Henderson, Roland E., Q.C.
Hermant, Adam B.T.
Hermant, John D.
Hermant, Peter
Hermant, Sydney
Hilborn, Col. R.H.,M.V.O., M.B.E.
Hill, William S.
Hobbs, Dorothy
Holota, Dennis
Horsley, Stephen Y.
Howell, Mrs. E.
Hughes, James O.
Inwood, A.E.M.
Irwin, John F.

Jackman, H.N.R.
Jackman, W. Henry
Jervis, John
Johnston, Norman M.
Joyce, James H.
Jung, Friederich W.
Jupp, LCol. D.H., O.B.E.
Karn, Mrs. Elfreda W.
Karn, William M.
Kemp, John
King, Christopher C.
Kitchen, Rev. Sterling J.
Lacey, Mrs. Aileen M.
Lambert, A.T.
Lawson, H.R.
Learmonth, Col. Wm. R.
Legge, MGen. B.J., C.M.M., C.ST.J., E.D., C.D., Q.C.
Leman, Arthur S.
Lennox, Gordon
Lewis, James D.
Loftus, R.G.
Luciano, Joseph F.
Mackinnon, Angus P.
MacNab, E. Nelson
Marshall, George L.
Martin, J. Andrew, C.A.
Matthews, A. Bruce, C.B.E., D.S.O.
Matthews, Beverley, C.B.E., Q.C.
Mazurek, Ewald P.
McAdam, Betty E.
McBrien, Fred G.
McCrimmon, Maj. J.S.G.
McCutcheon, Fred Y.
McMurray, John T.
Mech, Conrad R.W.
Memory, John D.
Michel, Dr. Herbert
Mikkila, W.G.
Mirvish, Edwin
Montgomery, James R.
Moses, John S.
Mosher, D.V.
Moss, Clifford N.
Muskat, Clara Miriam
Nagel, John F.
Naylor, Margaret
Neelands, D.G.
Ness, Bernard T.
New, Ryland J.
Noustas, Elias A.
Nunes-Vaz, Mrs. Berthe
Oglesby, Major R.B.
Olver, A.S.
Pallett, John C.
Parish, Dr. James A.
Patton, John A.
Paul, Edward H.
Pearson, Norman, F.R.T.P.I.
Phillips, Duncan R.
Plain, B.E.
Pollock, Dr. Ira
Pryer, D.A.
Reid, W.H.
Reuber, Grant L.
Richardson, John E.
Ridley, John B.
Rokeby-Thomas, Rev. Dr. H.R.
Roman, S.B.
Ross, Prof. Henry U.
Rutherford, LCol. R.C.
Samis, Dr.T. Tweed
Sandy, J.
Schacter, Leo E., Q.C.
Schemmer, A.P.H., Sr.
Sellar, G.M.
Shaver, Mrs. H.R.
Shefsky, Samuel V.
Shepherd, Dorothy E.
Smeed, James R.
Smith, Albert, Q.C.
Smith, Carleton
Stackhouse, Dr. R.F.
Stafford, G.O.
Stark, Hon. A.H., Q.C.
Steele, Gordon G.
Stingelin, Prof. Peter
Stone, Mrs. Edgar J.
Sullivan, Senator Hon. J.A., M.D.
Tappin, Graham John
Teasdale, Mrs.Barton F.
Thomas, Kenneth M.
Thompson, William M.
Thomson, K.R.
Turkevics, Leonard I.
Turnbull, R.
Turner,Capt. T.C., C.D., R.C.N.R.
Tuz, LCol. P.J., C.M., C.D.
Tye, Harry T.
Van Denbossche, LCol. M.
Varma, Dr. Devendra P.
Waldie, Gordon, Q.C.
Watkins, William B.
Watson, Kenneth M.
Webb, Herbert L.
Webster, R.H.
Wells, Douglas S., O.M.C.
Wheeler, Phyllis

Williams, J.K., Q.C.
Wilson, Walter James R.
Winkler, Sydney
Wotherspoon, G.D.
Wright, John L.
Yamaguchi, Koichiro

REGULAR MEMBERS

Abbott, Raymond S.N.
Abbott, W.W.
Abraham, Canon Duncan
Achen, Norman C.
Adair, Gloria J.
Adair, L.E.
Adams, Anthony S.
Adams, Michael
Adams, W.H., D.F.C.
Adamson, Edwin F.
Addison, Wm.G.
Addy, Mrs. Elizabeth
Adler, Nils
Adye, Mrs. Doris
Affleck, Donald Scott
Agard, Calvin V.
Aggett, Harold G.
A'Hara, Roslyn
Aird, David M.
Aitchison, Ian A.
Albery, A.C.R.
Albrecht, K. Michael
Alderson, D.E.
Alexander, H.H.
Alexander, R.
Ali, Barkat
Alldrick, Ms. B.A.
Allen, Douglas K.
Allen, Jane E.
Allen, Rev. L. H.
Allen, Dr. M.S., F.R.C.S.C.
Allen, Peter A.
Allingham, N.W., Q.C.
Allison, A.
Ally, M. Asgar
Altenau, John R.
Amato, L.
Ambrose, Mrs. P.J.
Amey, Rev. Harry
Amos, A.A., C.D.
Amos, J.L.
Anderson, David R.
Anderson, Michael J.
Andras, John
Andras, K.B.
Andrew, Donald E.
Andrews, Harry E.
Angod, Ram
Angus, D.L.
Angus, Jas. K.
Angus, John F.
Anthony, R.F.K.
Appel, Bluma
Appleby, Ronald, Q.C.
Arbuckle, Fern H.
Archbold, Wm. D.
Archer, William L., Q.C.
Archibald, C.R., Q.C.
Archibal, Dr. Gerald W.
Archibold, Ruth F.
Argent, Dr. W.R.
Armitage, Donald
Armour, A. Douglas
Armstrong, Mrs. Anne E.
Armstrong, Bromley L.
Armstrong, Bruce, C.A.
Armstrong, G.E.
Armstrong, G. Warren
Armstrong, J.
Armstrong, Jas. A.
Armstrong, N.H.K.
Armstrong, Robert
Arnold, Bruno J.
Arnold, Edward S.
Arvay, Leslie G.
Ashton, Mrs.T. Polson
Aspin, Norman
Astley, D.B.
Astrowsky, Barry
Atkins, Norman K.
Attewell, W.C.
Austin, Eric L.
Aymong, A.M.
Ayrhart, William T.

Badgley, F.H.
Badoer, Carlo
Bailey, John H.
Bailey, William H.C.
Bain, Ray
Baird, Charles F.
Baker, Gordon R.
Baker, Gordon Roy
Baker, Herb F.
Baldwin, Thomas C.H.
Balfour, Norman E.

Ball, Douglas C.
Band, Miss Sarah A.
Bandler, M.L.
Bankes, John F.
Barak, Barbara
Baratz, Michael S.
Barber, Col. J.R., E.D., C.D.
Bardet, Michel
Barker, Bruce C.
Barker, Robert B.
Barltrop, C.S.
Barnett, James D.
Barnoy, Amnon
Barr, David E.
Barrett, Barbara H.
Barrett, Harry F.
Barros, Leo A.
Barry, Miss Hilda
Barsky, Lorne D., Q.C.
Barslow, Joyce
Barstow, J.M.
Bartlett, Marilyn E.
Bartram, J. Trevor
Bassel, J.P., Q.C.
Bassett, Douglas
Batchelor, Gordon R.
Bath, D.H.W.
Bathgate, Robert D.
Baugniet, Robert N.
Beamish, K.J.
Beasant, David
Beattie, A., Q.C.
Beatty, R.I.
Beauchamp, P.C.B.
Beauchamp, Walter N.
Beber, Monty C.
Beck, Nuala
Bedard, T.L.
Bedborough, Mrs. Cynthia
Beevers, W. Gordon
Beggs, Mrs. Barbara M.
Belaiche, Dr. A.D.
Beland, Andre
Bell, BGen. George C., M.B.E., C.D.
Bell, D. Casson
Bell, J.A.G.
Bell, Norman B.
Bell, Terri
Belsher, Selwyn P.
Bennett, Beatrice
Bennett, Hon. Claude F.
Bennett, Chief Judge Colin E.
Bennett, Douglas R.
Bennett, M. Joslin
Bennetts, R.J.
Bergel, Hy
Bergerson, Peter D.
Berghuis, Wm. W.
Bernadine, Al
Berry, H.T.
Berry, Dr. Henry
Bertram, Andrew John
Besko, Mrs. A.
Best, Eileen
Bethell, Robert E.
Betty, Derek W.
Bick, Ruth
Biddell, J.L.
Bielski, Casimir M.B.
Bilbrough, W.H.
Billige, Brian David
Bilski, Robert
Bingham, Patricia H.
Birch, Hon. Margaret
Biringer, Paul P.
Birkenfeld, Andrea S.
Birkness, Brian A.
Birnbaum, Arthur
Bishop, N. Jane
Bist, Kent G.
Bitove, Thomas J.
Bittle, Kevin W.
Bjarnason, Thomas H.
Blachford, A.D.
Black, Mrs. Grace
Blackburn, R.H., Q.C.
Blackwood, John Douglas
Blair, Florence L.
Blair, Stanley E.
Blandy, James William
Bloemen, P.J.M
Blondeau, Jean Marc
Bloomberg, Lawrence
Blundon, William E.
Boddy, R. Paul
Bodrug, Dr. A.G.
Boersma, J.M.
Boggs, Mrs. W.B.
Bolus, John W.
Bonar, L.G.
Bond, Major Mel W.
Bones, William A.
Bonnycastle, Law C.
Borek, Betty
Borins, Edward
Borinsky, Maxime
Borosa, Walter A.
Borthwick, P. Alexander

Bot, William B.
Boud, Dr. Ian
Bougain, Pierre
Boukouris, Paul G.
Boultbee, Peter S.
Bourne, F.R.
Bowden, Edward H.
Bowen, W.A.
Bowler, John E.
Bowyer, C. Blaine, Q.C.
Boyajian, Roger H.
Boyd, Mrs. Louise M.
Boyer, J. Patrick
Bracken, P.A.
Bradlow, John
Bradshaw, Ronald
Brady, Chuck
Braithwaite, J. Lorne
Bramm, George V.
Brant, Reuben
Breaker, Reginald F.
Breal, Bob
Breckenridge, P.D.
Breeze, Mrs. N.E.
Bremner, R.G.
Brennan, Mary T.
Brent, Philip Edward
Brethour, Eldon
Breuer, K.
Bridges, R. John
Briggs, Gary T.
Broadbent, Malcolm J.
Broadhurst, W.H.
Brook, Edward
Brooks, John C.
Brophey, Peter M.
Brown, Alan J.
Brown, Colin M.
Brown, G.O.
Brown, Iain
Brown, Mannie
Brown, Miss Margaret
Brown, Peter A.
Brown, Richard E.
Brown, Robert A.
Browne, Ota
Bruce, M.M.
Brummer, Eve
Brune, David
Bryon, Miss Lillian
Bryson, George M.
Buchanan, Douglas B.
Buchanan, T.H.
Buchanan, W.W.
Buck, Roel C.
Budd, Rob A.
Buddenhagen, W.C.
Budra, Gay T.
Budrevics, Alexander
Buehrer, Fred
Buhler, Joseph E.
Bulger, J. Earl
Bull, Ronald G.
Buller, Robert
Bulmer, J.C.
Bunting, Pearce
Burbage, L.H.
Burgess, H.T.
Burgoyne, Gerald W.
Burleton, John A.
Burnard, F.S.
Burns, D.M.
Burns, Mrs. Hazel
Burns, Jeffrey
Burns, Leslie G.
Burnside, E.G.
Burrow, Edward W.
Bursey, James H.
Burton, Bryan W.
Burton, Eleanor J.
Burton, LCol. G.A.
Buski, Richard S.
Butler, David G.
Butler, Frank
Butler, James E.
Byrne, B. Mae, C.A.

Cadeau, Peter A.
Cadotte, A.W.
Caldwell, Doug
Cale, W.P.
Callaghan, Rev. Keith
Caloz, Ramond R.
Cameron, Major A.G.
Cameron, Donald Ross, Q.C.
Cameron, Gerard G. III
Cameron, Major R.K., C.D., M.A., D.D.
Campbell, Grant, Q.C.
Campbell, H.B.
Campbell, Mac D.
Campbell, Russell
Campbell, William
Campion, John A.
Cane, A.
Cann, E.F.
Cannon, Milda R.
Capling, David J.
Cappe, Joe

Cappe, N.R., Q.C.
Carlisle, Donald Cook
Carlisle, D.H.
Carnwath, Mrs. Nancy L.
Carpenter, Dr. T.A.
Carson, L.W., C.A.
Carswell, Therese A.
Carter, Mrs. Dorothea
Carter, S. Owen
Cartier, Max
Cartwright, Alton S.
Carwardine, Miss J.D.
Case, Peter A.
Cash, Robert Sheldon
Cashman, John P.
Casselman, Claire
Casselman, Nancy
Casselman Wadds, Jean
Cati, Dr. George
Catto, LCol. John, C.D.
Cavelti, Peter C.
Cavoukian, A.
Cawthorne, G.E., C.D.
Cecil-Stuart, Wendy M.
Chalmers, George
Chambers, H.J.A.
Channing, Robert B.
Chant, Diana
Chant, Dixon S.
Chapin, Vincent L.
Chapman, Wm.
Charlton, Catherine R.
Charlton, Mrs. H.M.
Chase, T. Millar
Checkley, Michael N.
Cheong, Donna
Chester, Lane R.
Chestnutt, J.T.
Chetwynd, Robin
Child, Thomas
Chisholm, Ann
Chisholm, Robert W.
Chisholm, Thomas
Chong, Dr. Gordon
Chote, Rev. Dr. Arthur A.
Chow, Wesley
Christie, Edwin A., Q.C.
Christoff, George, B.ARCH., M.R.A.I.C., O.A.A.
Ciceri, Douglas
Cieszynski, Henry
Ciglen, Samuel
Clark, Bruce Hamilton
Clark, E.G.
Clark, Frederick G.
Clark, G. Denton
Clark, Miss H.A.L.
Clark, Joseph A.P.
Clark, Miss Mattie
Clark, Paul D.J.
Clarke, James H.
Clarke, K.H.J.
Clarke, Peter J.
Clarkson, Max B.E.
Clarry, John H.C.
Clausius, Claus
Claydon, James Henry
Clements, J.B., Q.C.
Cliff, Grahame J.
Clifford, Major F.N.
Clifford, Tom
Cline, Barry R.
Cloppenburg, Mrs. I.J.
Coates, A. Marijo
Coburn, George E.
Cochrane, Helen J.
Code, J.M.W.
Cogdon, Noel
Cohen, John C.
Cohen, Markus, Q.C.
Coke, Mrs. R.A.
Cole, Ms. Nina D.
Cole, Terrence J.
Coleman, William I.
Colhoun, J.L.A.
Collette, David W.
Collinge, Brenda
Collins, Ian Jerrold
Collins, J.A.
Comisso, George
Condliffe, Arthur J.
Conner, Richard J.
Conrad, J.C.P.
Cook, G.A.
Cook, John H.
Coombs, Maurice John
Cooper, David R.
Cooper, Ms. Virginia
Cooper, W.J.
Cooperman, Edwin M.
Copeland, J. Carl
Corbett, William A., Q.C.
Cork, E. Kendall
Corn, J. George
Cornish, His Honour, Judge F.J.
Cosby, Stanley C.
Cosman, Robert W.
Cotnam, G.G.

Cottrill, Richard
Coulter, Mrs. Peggie
Coulthard, Walter W.
Coutts, James D.
Cowan, W.D.
Cox, Anthony L.
Cox, R.M.
Cozens, John
Crackower, Lawrence S., Q.C.
Craft, Robt. F.
Craig, John William
Craik, Roy W.
Crandall, Robert H.
Crang, J.H.
Crashley, LCol. J.D., C.D., C.M.
Crath, Paul F.
Crawford, David C.
Crawford, R.W.
Crecelius, Rein W.
Creighton, J. Douglas
Cremer, M.
Crewe, Miss Nola Susan
Crichton, J. Scott
Crichton, R.J.
Crispo, F. Martin
Crockatt, Brian M., C.A.
Croll, Hon. David A.
Cromb, George D.
Crombie, K.C.
Crompton, Mary E.
Cronish, Robert
Crosbie, Diana M.
Cross, M.H.
Cross, W.B.
Cross, W.T.D.
Crossgrove, Mrs. Katherine
Crossley, Anthony K.
Crosthwait, Hugh
Crouse, David W.
Crow, Stanley
Croxton, Noel
Cruickshank, Mrs. Dorothy
Cruickshank, S.R., C.A.
Cruise, Dr. James E.
Cumming, Joseph M.
Cunningham, Nicola S.M.
Currie, Catherine E.
Currie, Mrs. Matthew
Curry, Hugh F.
Curry, T.E.
Czyrsky, Roman J.

D'Arcangelo, Paolo
D'Aquíno, Thomas P.
Daciuk, Timothy
Dale, Paul
Dale, Pauline
Dale, R.G., D.S.O., D.F.C., C.D.
Dalglish, Peter
Dalrymple, Elgin John
Dalton, Mrs. E.
Danson, Hon. Barnett J., P.C.
Dasko, Dr. Donna A.
David, Rodica, Q.C.
Davidson, John A.
Davidson, S.J.
Davies, Cecilia
Davies, Michael J.
Davies, Robert M.
Davies, Ronald S.
Davis, Douglas A.C.
Davis, Ralph S.
Daw, Marjorie
Dawson, D.W.
Dawson, Dr. J.C.C.
Day, Gerald Francis
De Cotret, Robert René
De Mey, Lionel A.E.
De Pauw, Helga
De Souza, Ivan X.
De Stein, Susan M.
Dean, Harold B.
Deans, M. Bruce
Deans, Peter J.
Decipulo, Victoria V.
Deeb, Michael B.
Deeks, John E.
Deeks, William G.
Delaurier, Pamela A.
Delbridge, Pat
Denault, Robert L.
Denham, Dr. F. Ronald
Denis, Cam A.
Denny, Grace
Dent, A. Lynne
Desautels, M.A., B.A., LL.M.
Desjardins-Siciliano, Y.
Desrosiers, Dennis
Desson, Graham L.
Deutsch, Nikolas S.
Dhanjal, Amrit (Alex)
Dick, Arlene
Dimitrieff, John M.
Dineley, Stephen F.
Dinsdale, S.E., Q.C.
Dix, Wm. B.
Dobell, Alfred M.
Dodd, L.G.

Doe, Roger G.
Donald, Merlin W.
Doney, Willard I.
Doran, Kevin M.
Doty, R.V.
Doughty, Douglas T.
Douglas, C.R.
Douglas, L.R.
Dovey, J.G.
Downer, LCol. The Hon. Rev. A.W.
Downer, Charles S.
Downes, Capt. Peggy, C.D., A. DE C.
Downey, Kerryn Mark
Downey, Patrick D.
Dowsley, Gordon
Doyle, William A.
Drabble, Kenneth
Draimin, Peter K.
Draimin, Mrs. Theodore K.
Draimin, William C.
Dranoff, Linda Silver
Drinkwalter, W. Douglas, Q.C.
Drolet, J.L.
Drummond, Christina S.R.
Dryden, Murray, C.M., C.M.C.
Du Toit, Charles S.
Duffy, R.S.
Duguay, R.
Dulhanty, Ronald S.
Dunap, D.L.
Dunbar, A. Carlyle
Dunbar, D.V.
Duncan, John Roderick
Duncan, T.A.W.
Dunlop, Mrs. Edward
Dunlop, Mrs. Eunice M.
Duvernet, Christopher J.
Dupuis, R.J.
Dyer, Dianne E.
Dyson, Norman
Dyson, Rose
Dyson, Thomas B.

Eadie, Donald R.
Eadie, Laura R.
Eagan, Terry
Eastman, Mrs. Rives G.
Eaton, Clifton H.
Eaton, F.
Eccles, David
Ecclestone, A.M.
Ecker, Janet L.
Ecker, John Edward
Eckert, B.H.
Eckler, Samuel
Eddy, Brian
Edgar, Brian A.
Edinborough, Arnold
Edmison, David A.
Edmison, Harry H.
Edwards, Keith P.
Eggleton, His Worship A.C.
Egger, Peter
Elcombe, Peter C.
Elder, Andrew J.
Elder, Mrs. Diane
Elder, John J.
Elgie, Robert G., M.D.
Elias, D. Barry
Ellingwood, Ronald G.
Ellins, Fred H.
Elliot, Jack H.
Elliott, R. Fraser
Elliott, Warren
Emerson, Angela
Emery, John H.
Emond, Douglas L.
Empry, Gino
Engel, Anthony J.
Ennis, B.A.
Ernaelsteen, Hendrik
Erskine, Bruce J.
Estey, Wilfred M.
Evans, Lancelot S.
Evans, Peter
Evans, Warren D.
Exner, F.J.
Exton, L.J.

Falby, Barbara
Faller, Gloria J.
Fallis, Geo. A., Q.C.
Farquharson, W.R.
Farrar, G.D.
Farrow, W.C.
Farrugia, John J.
Fearman, S.G.
Fefferman, Barbara
Fehrman, D.G.
Feilders, John
Feilders, John F.
Felber, Otto J.
Felske, Brian
Ferguson, Donald Y.
Ferguson, Judge George
Ferguson, P.B.G.
Fernandes, Geoff
Ferns, Barboura A.

Findlay, James V.
Finneron, Rhoda G.
Fisher, A.J.
Fisher, Alex, C.A.
Fisher, Richard H.
Fitzhenry, Robert E.
Flatman, Andrew B.
Flavelle, Sir David
Fleger, Muriel
Fleming, Hon. Donald M.
Fleming, R.J.
Fleming, S.B.
Fletcher, Janet L.
Fliess, Henry
Flint, L.C.B.
Florian, Nick
Flowers, Dr. John
Flynn, Dennis
Fodor, Nicholas
Fogts, Louise
Forbes, LCol. Harold K.
Forster, Elizabeth J.
Forsyth, A. Smirle
Forsyth, Christine C.
Foster, David
Foster, Laurel
Foulds, K.A.
Fournier, G., C.G.A., C.A.
Fournier, R.P.
Foussias, Dr. Thay
Fowle, T.F.
Fowler, W.A.
Frackowiak, Dr. Anne M.
Francis, John A.
Francis, Dr. W.G.
Franklyn, Dr. Alexander, M.B., D.P.H., D.I.H., D.PHYS.MED.
Franks, Hugh R.
Fraser, Norman
Fraser, Rodney
Frederick, D.H.
Fredericks, Larry R.
Freedman, Mary Ann
Freeman, Dennis
Freeman, Derek R.
Friedberg, Federico
Friedland, Seymour
Friedman, Bernard S.
Froese, Victor E.
Fromstein, Mrs. Patricia S.
Fruitman, Pamela D.
Fujita, Michio
Funasaka, S.

Gaetz, Mrs. Lynne
Galbraith, R.A.
Galli, Joseph N.
Galloway, Charles T.P.
Gampel, Aron
Gardner, Richard A.
Garley, Elizabeth
Garlick, S. Bruce
Garriock, William C.
Gartley, John D.
Gathercole, George E.
Geary, Richard R.C.
Geber, Juergen
Gee, Dale L.
Geisler, John A.
Gelber, Judith A.
Gelber, Marvin B.
Gelber, Nancy
Gelleny, Joseph J.
German, Kiloran
Gerstein, Irving
Gibbs, Peter D.
Gibson, F.D.
Gibson, J. Douglas
Gibson, Jean F.
Gibson, John D.
Gibson, Col. John W.
Gibson, Robt. C.
Gibson, BGen. T.G., C.B.E., D.S.O., C.D.
Giddings, E.W. Garner
Gilbert, Kenneth M.
Gilbertson, Larry H.
Gilday, Thomas P., D.S.O., E.D., U.E.L.
Gill, Charles W.
Gill, John A.
Gill, Robert J.
Gillan, Robert S.
Gillelan, T. John
Gillespie, Gillian M.
Gillis, J.W.
Gilmore, Daryl E.
Gilmore, Shirley
Gilmour, David J.
Goad, J. Lawrence
Godard, Catherine Anne
Godfrey, Paul
Goebelle, Graeme
Gold, Peter M.
Goldenberg, Neil
Goldie, Gordon L.
Goldring, Blake C.

Goldring, C. Warren
Goldson, W.L.
Goldstein, Tammi
Goodall, Ronald, C.A.
Gooderham, F.L.
Goodman, Edwin
Goodman, F.C.
Goodwill, Cynthia Mann
Goodwin, Carol P.
Goodwin, J.E.
Gordon, James Blair
Gore, Graham I.
Gorman, J.R.
Gosschalk, B.M. (Bob)
Gotlib, Miss Lorraine, Q.C.
Gottlieb, G.L., Q.C.
Gouinlock, Robt. W.
Gourlay, H.R.
Gourlay, W.B., C.D.
Graf, Dr. Guenter
Graham, Douglas C.
Graham, H.F. Colin
Graham, James J.
Graham, Dr. M.E.
Graham, R. Barry
Graham, William E.
Grant, Barry T.
Grant, Harold D.
Grant, Kathleen A.
Graves, John
Gray, William John
Green, Duncan
Green, Father R.S.H.
Greening, William John
Greenspan, David B., Q.C.
Greenspan, E.L.
Greer, Susan Ellen
Gregory, John R.
Gregson, R.L.
Griffin, Andrew
Griffin, Mrs. Betty
Griffiths, John
Griffiths, Mr. Justice W.D.
Grimberg, Dr. Rainer
Grimblat, Mike
Ground, John D.
Grover, Bryan C.
Gruenig, Thomas W.
Guest, Jack
Guido, Angelo L.
Gulliford, Robert F.
Guthrie, H. Donald, Q.C.
Gyaki, Karl
Haberer, Dr. J.F.
Haberl-Schicker, Paul
Hackett, John
Haddad, Roslyn
Hadfield, John R.
Hagan, Jon H.
Haggarty, Dan C.
Hain, George W.
Hales, Malcolm J.
Hall, G.H. Milroy
Halpern, Jack
Halpin, Gail
Halton-Imison, C.K.
Hamann, George F.
Hambley, T.R., C.A.
Hamill, George M.
Hamilton, Brian A.
Hamilton, Kristen E.
Hamilton, R.M.P.
Hammond, Mrs. Eileen
Hammond, Mark
Haney, Clifton L.
Haney, J. Moyra
Hannan, T.M.
Hansen, Ron E.
Haran, Louise F.
Harbron, John D.
Harcourt, John G.
Hardy, David R.
Harrigan, K.W.
Harrington, Meredith W.
Harris, Alfred H.L.
Harris, Mark F.
Harris, Milton E.
Harris, Peter D.G.
Harris, Peter H.
Harris, R. Jack
Harris, Richard W.
Harris, Robert W.
Harris, W.B.
Harrison, John S.
Harrison, Dr. Roland
Harrison, Russell E.
Hart, Dr. Gerald D.
Hart, J.W.
Hart, Mrs. Irene
Hart, Ms. Ruth
Hartley, Dr. A.J.
Hartley, E. Dorothy
Hartman-Grout, Grace
Harvey, Jane
Hasegawa, Seiki
Hassard, Richard J.

Hastings, Stephen R.
Hatano, Yuzo
Hatch, Roger E.
Hathaway, Donald B.
Hauseman, John Wilson
Haussmann, F.C.
Havercroft, W.R.
Hawke, J. Howard
Hayden, Hon. Salter A., Q.C.
Hayes, Col. Paul A., C.D.
Hayos, Andrew R., C.A.
Healey, Isabel L.
Heaman, Miss Lynne D.
Heaslip, William
Heath, Wm. B.
Heathcote, F. Bruce
Heffernan, Gerald Robert
Held, Bryan H.
Held, Peter E.
Helland, Ms. Fay
Henderson, D.A.
Henderson, D.R.
Henderson, G.A.
Henderson, John C.
Henderson, Hon. Lorne C., M.P.P.
Henderson, Wm. R.
Hendrick, Keith C.
Hendrie, David M.
Hendy, R.I.
Hendy, Thomas C., Q.C.
Henninger, William B.
Henry, Judge C.J.
Henry, William D.
Henschel, Arthur W.
Herchmer, Lawrence S.
Hermant, Mrs. J.D.
Hermant, Kathleen
Herrick, John D.
Herridge, W.R.
Herring, George A.
Herron, John S.
Herz, Dr. C. Karel
Hession, Richard
Hewitt, Paul S.
Hickman, Rodney J.
Hicks, L. Daniel
Hicks, Mary L.
Higgins, Brian T.
Hildreth, Walter E.
Hill, Edith D.
Hill, Harry D.L.
Hill, Jane
Hill, Maj. R.J., C.D., H.B.S.C.
Hill, W.D.
Hilliard, LCol. R.R., C.D., A., D.E.C.
Hillyer, Most Rev. Nelson D.
Hinds, Thomas
Hines, W.J.
Hinkin, Roy
Hinton, R.H.
Hiratsuka, Kazuyo
Hitchins, Capt. Douglas H.
Hoag, Paul
Hockin, Alan
Hodge, George E.
Hogg, Roy D.
Holdroyd, Mrs. Peter C.
Holland, James L.
Holloway, Reginald Eric
Holmes, B.T.
Holmvall, Leif
Holton, Margaret Lindsay
Hope, Cedolph
Horan, Sir C.J. III, K.H.S., O.B.E., F.C.C.C.
Hore, John E.
Horsey, G.
Horton, E.A.
Horton, Michael
Horton, William R.
Houde, Denyse
Houser, Bruce
Houston, Stan D.
Howard, Shirley E.
Howes, H.
Howitt, Dr. John R.
Howland, Hon. Chief Justice W.G.C.
Howsam, Air Vice-Marshall G.R., C.B., M.C.
Howse, Very Rev. Ernest M., S.T.M., PH.D., D.D., LITT.D.
Howson, Jean L.
Hudson, Adrian S.
Hudson, John Parkes
Hughes, Campbell B.
Hulley, Robert B.
Hume, F.R., Q.C.
Humphreys, Sid
Hunt, Susan M.
Hunter, Ms. Carol
Hunter, Miss Margaret
Hunter, LCol. P.W., C.D.
Hunter, R. Douglas S.
Hunter, Mrs. Yvonne A.
Hurlbut, Robert S.
Hurwitz, Paul
Hutchins, Charles E.
Hutchinson, John

Hutchison, Dr. A.D.
Hutchison, Wm. G.
Hutton, Virginia E.
Hydon, Geoffrey M.
Hyndman, Ruby H.

Imrie, Mrs. Gloria
Irwin, A.B.
Irwin, John W.
Isenberg, Miriam D.
Istona, Margaret
Istona, Mildred
Ivany, Dr. Randall
Ivey, C. Robert
Ivey, Charles L.
Ivey, Randi Downs

Jackman, Rev. Edward J.R.
Jackman, Frederic L.R.
Jackson, Miss Aileen
Jackson, Bernice
Jackson, C. Christopher
Jackson, G.E.
Jackson, LCol. M.I., C.A.
Jackson, Pamela
Jacobson, Russell
James, K.M.
Jameson, A.G.
Jamieson, T.G.
Janik, Anthony
Janthur, H.J.
Jardine, Audrey
Jarmain, W. Edwin
Jarvis, Don
Jasson, R.W.
Jenkins, Clifford R.
Jerred, Mrs. Yvonne, C.G.A.
Jerred, J.D. (Don)
Jesson, Barbara
Johnson, Donald K.
Johnson, Paul
Johnson, Sidney
Johnson, Tom
Johnston, Mrs. Anne
Johnston, Barbara M.
Johnston, John I.
Johnston, Margaret M.
Jolliffe, E.B., Q.C.
Jones, Trevor G.
Jones, W. Gordon
Jones, William A.
Jonker, F.H.
Jorgensen, D.A.
Joshua, R.
Joy, A.P.G., Q.C.
Joynt, Dr. G. Henry
Judd, William H.
Junnarkar, Hemant
Jupp, Edward A., Q.C.
Jupp, G. Alex
Justice, C.A.
Justin, Jan
Justrich, Willi

Kain, Anita T.
Kalyn, Tom
Kara, Shamsh
Karney, Helen
Karpman, Arley S.
Kasprow, W.
Kasteel, T.M.
Kates, Dr. Joseph
Kavanagh, Terence
Kean, Timothy James
Kearns, James H.
Keating, John C.
Keefe, T.J.
Keeling, Betty
Kekko, Gabor
Kellett, Walter K.
Kellner, Clara
Kendall, Roy Wm. R.
Kennedy, A. Judd
Kennedy, Margaret
Kennedy, William C.
Kenny, M.K.
Kent, Deborah A.
Kent, T. Douglas
Kerr, H. Grant
Kerr, James W.
Kerr, Joan
Kerr, John E.,Q.C.
Kerr, Wm. R.
Kershaw, John P.
Kershaw, V.B.
Keyes, Norman J.
Khojajian, Barry B.
Khoorshed, Minoo
Kidd, William H., Q.C.
Kihn, Richard K.
King, T.A.
King, Wilfred B.
Kinoshita, Gene
Kirchmann, N.W.
Kirkpatrick, Miss M.S.
Kirschbaum, James L.
Kirschbaum, Dr. J.M.
Klein, Volker

Kletz, Selwyn J.
Knobel, Guido
Knopf, LCol. Gerhard A.W.
Knott, Leonard L.
Knowlton, Thomas A.
Knox, R.J.
Knuchel, H.B.
Koch, Dr. Ernst-Gunther
Koffler, Murray B.
Kofman, Dr. Oscar S., F.A.C.P., F.R.C.P.(C)
Koger, Tom, C.A.
Koinoff, Barry J.
Kolandjian, Hratch
Koldofsky, Eleanor K.
Kololian, Vahan
Koonings, Dr. P.P., P.P.G.I.
Korchinsky, George M.
Kortekaas, W.A.J.
Kortright, L.H.G.
Kortwright, Rev. Galt
Kosich, Michael M.
Kowal, Mrs. Ann
Kowal, Edward J.
Kozak, Lubomir
Krawczyk, Andriej M.
Krivel, Miss Elaine
Kroger, Herman F.
Krol, Stan J.
Kronbergs, T.E.
Kruk, Edward
Kuhlmann, A.R.
Kundinger, R.A.
Kunkel, H.M.
Kunnapuu, John
Kyle, B.J.

La Rochelle, Alan B.
Lacasse, Françoise
Laidlaw, James G.
Laidlaw, William D.
Laing, J. Warren
Lake, Grace
Lake, J.F., Q.C.
Lambert, Lorna
Lambert, Robert H.S., Q.C.
Lamertz, Walter
Lamont, Mary Susanne
Landrus, Marillyn
Lane, F. Edgar
Lane, George
Lane, Margo
Lang, Senator Daniel
Lang, John E.
Langer, H.P.
Langford, D.B.
Langford, G.K., Q.C.
Langill, D.E., C.A.
Langill, Gary M.
Langley, Maj. A.J.
Langley, Arthur J., Jr.
Lantin, Dieter H.
Lariby, Claude C.
Larkin, Thomie
Latham, L.G.
Lawer, John V., Q.C.
Lawrence, David C.
Lawrence, R. John
Lawson, Andrew M., Q.C.
Lawson, Bruce J.
Lawson, John B., Q.C.
Lawson, Matthew B.M.
Le Mesurier, Murry A., U.E.
Leach, Willard J.
Leahy, Maura T.
Leal, H. Allan, Q.C., LL.D.
Lean, Ralph E.
Lebel, Michel
Leckie, J.L.
Lederer, Peter J.
Lee, Gerry
Lee, Robert C., Q.C.
Lee, Winnie
Lefebvre, L.P.
Lefebvre, Lynn A.
Lefevre, Olivier
Legrow, Lloyd M.R., P.ENG.
Lehner, Friedrich
Leitch, John D.
Leslie, Dr. Douglas
Lessmann, Wolf-Dietrich, Q.C.
Levasseur, Ms. B.E.
Leverty, Tom
Levitt, Mrs. M.B.
Levy, Morris P.
Lewin, Ronald
Lewis, A.M.
Lewis, David R.
Lewis, Donald P.
Lewis, J.M.
Lewis, BGen., R.W., C.D.
Lewis, W. David G.
Lewsen, H. John
Libbey, James E.
Lindegger, Robert
Linden, Harold D., Q.C.
Lindsay, David Lewis
Lindsay, Harland C.

Lindsay, Dr. W.R.N.
Ling, Tom
Lipsitt, E. Cameron
Lipson, Barry D., Q.C.
Lissaman, D.H., Q.C.
Little, Natalie M.
Lloyd, C.W.
Lloyd, Miss Hillery J.
Lloyd, W. Roland
Loadman, D.E.
Locke, H.K.
Lockhart, Very Rev. Dr. Wilfred C.
Logan, John C.
Logan, R.G.
Loo, Heng Sun
Lord, Dr. G. Ross, P.ENG.
Lorenz, Patricia
Lorriman, Scott
Louvel, Alain
Low, Mrs. James
Low, Lily M.
Lowe, Michael B.
Lowndes, Col. J.M., C.D., Q.C.
Lowndes, R.H.M.
Lowry, Peter J.
Lucas, D.D.
Ludgate, Rogers A.
Lunel, Mrs. Margaret
Lupp, John H.
Lynch, Mrs. C.B.
Lyon, Hugh M.
Lyon, Mrs. Ruth C.
Lyons, J.S.
Lyons, Katie

MacBean, P.
MacDonald, A.G.
MacDonald, Ms. Carmen
Macdonald, George C.
MacDonald, Griffith B.
Macdonald, James B.
MacDonald, J.E.
Macdonald, John W.
Macdonald, Nona
Macdonald R. Ian, Q.C., K.L.J., B.COM., M.A., B.PHIL., LL.D.
Macdonald, Trudi
Macdonell, F.W.
MacDougall, Hartland M.
MacEachern, A.H.
Macenko, Sylvia A.
MacFadden, W.A.R.
MacFarlane, Charles F.
MacFeeters, R.L.
MacGirr, Mrs. Mary
MacInnes, J. Lyman
MacInnis, Paul K.
MacIntosh, Dr. David L.
MacIntosh, Robert M.
Mackay, Douglas C.
MacKay, Patricia
MacKay, R.S.
MacKenzie, Gordon T.
MacKenzie, Ray
MacKillop, Mrs. Margory
MacKinnon, Douglas
MacLaren, William Gordon
MacLean, John H.N.
MacLean, Sarah M.
Macleod, Wm. J., Q.C.
MacMillan, Bruce
MacMillan, George A.
MacNames, Peter
MacPherson, Donald S.
MacPherson, Duncan
MacPherson, Rev. E.A.
Macpherson, Mrs. Jean I.
MacPherson, Robert A.
MacRae, Arthur
MacRae, Charles D.
Maddock, Bob
Mahoney, J.E.
Maidman, Mrs. V.S.
Maile, J. Michael
Main, Elizabeth A.
Mair, Mace, O.B.E.
Maksymiw, Roman A., Q.C.
Malabar, Harry V.
Malarski, Danuta
Malcolm, Dr. George A., D.C.
Malicki, Marek S.
Malone, Robert
Malone, Arthur, Q.C.
Malyk, George John
Manion, Karin E.
Manley, J. Terence
Mann, Stuart K.
Manning, C. Terrill, Q.C.
Manning, J. Douglas
Mansfield, Richard
Manucha, Rajid
Marchment, Alan R.
Maresch, W.H.P.
Marini, Guido, Sr.
Mark, Robert S.W.
Markham, C. Ian
Markiewicz, W.
Marks, June

Marlatt, P.D.
Marmash, B.V.
Marshall, Allen
Marshall, Lauren E.
Marshall, Dr. M.R.
Marshall, T. David
Marshall, Thos. H.
Marsland, James
Martin, Helmuth
Martin, J.C.
Martin, Joseph E.
Martin, Keith A.
Martin, Neil
Martin, Robert
Martin, S.W.
Martinaitis, V.
Martinez, M.C.
Martinez, Michael J.
Maryanka, Yuda
Mascall, David W.
Mason, Jeffery D.
Mathers, A.
Matheson, David Ian
Matheson, R.J.
Mathews, David James
Mathieson, LCol. G. Irvine
Matthew, Malcolm G.
Mauger, Malcolm J.
Mawson, K.
Mayer, Anne P.
Mayhue, Daniel
Maynard, Murray R.
Mayzel, Harry
Mayzel, Louis
McAlpine, Duncan A.
McAuley, Vincent F.S.
McBride, David G.
McCabe, Miss Maureen D.
McCaffery, Wm. J.
McCaffrey, Ms. L.C., Q.C.
McCallum, Donald R.
McCallum, Ian A.C.
McCallum, J.D.
McCann, Fred V.
McCartney, James C.
McCartney, Wm. S.
McCaughey, Lorraine B.
McClellan, R.H.
McClelland, J.G.
McClure, G. Chester
McClure, G. Kent
McCollum, John
McComb, Robert J.
McConaghy, James A.
McCord, W.W.
McCormack, W.H.
McCrea, John C.
McCrearty, Ivan E.
McCuaig, Bruce W.
McCulloch, Edward E.
McCutcheon, F.Y.
McDonald, Bruce C.
McDonald, D.F., Q.C.
McDonald, G. Campbell
McDonell, Gordon C.
McDougall, Barbara J.
McEachren, Col. F.F.
McElwain, John D., Q.C.
McFadden, David James
McFater, Neil
McGarvey, Pete
McGauley, Daniel J.
McGavin, Donald C.
McGavin, Robert J.
McGill, Kenneth W.
McGillivray, K.F.
McGivern, Jane, F.R.I.
McGregor, Ms.Mary E.
McGregor, Robert H.
McGuiness, Kevin
McGuinness, Michael B.
McHardy, Lynda L.
McInnis, John
McIntosh, BGen. A.R., C.D.
McIntosh, Donald A.
McIntosh, John Spence
McIntosh, Lance
McIvor, Adam
McKay, Stuart I.
McKay, Winfield
McKegney, Dr. R.S.
McKennedy, John A.
McKenzie, Geoffrey G.
McKenzie, Margaret
McKeown, Deborah P.
McKinlay, R.A.
McKinnon, Sheila C.
McLachlan, William L.
McLaughlin, Paul
McLean, B. Keith
McLean, Carol
McLenaghen, T.N.
McLeod, Judy
McMillan, Catherine D.
McMinn, Bruce A.
McMorran, Robert
McMorran, S.R. (Bud)
McNabb, Barbara

McNally, Ken
McNamara, William
McNeil, Miss Eileen R.
McPake, Christine E.
McPake, James Hawes
McPhail, Ian D.C.
McPhee, Linda
McPherson, Pauline H.
McQuat, George E.
McQuillan, Mrs. Laura
McRae, Ronald M.
McTernan, Stella
McVicar, R.J.
McVitty, E.H., Q.C.
McWhirter, Robert James
Mead, Kenneth J.
Meadows, Donald F.
Meadows, Roy
Medcof, John C.
Medland, C.E.
Medland, J.W.R.
Meech, R.C., Q.C.
Meech, R.G., Q.C.
Meiers, Ronald L.
Meighen, Michael A., Q.C.
Meinzer, G.E.
Meinzinger, V.G.
Meister, John P.
Mekinda, Mario John
Mendes Da Costa, Dr. D., Q.C.
Menzies, J. Alexander
Mercer, Wayne
Meredith, Margaret E.
Merkur, Ephry N., Q.C.
Mernick, Farley
Merriam, Gordon H.
Merrilees, T.
Merriman, Donald G.
Mesrosian, Zaven
Mettler, Alfred
Mewett, Alan W., Q.C.
Meyers, J.P.
Milburn, Donald J.
Miles, Joan E.
Miles, John A.
Milic, George E.
Milic, Mrs. Vladan
Millar, John W.
Miller, Edward
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Mr. and Mrs. J.C.L. Graham
Mr. and Mrs. David R. Grant
Mr. and Mrs. John C. Gray
Mr. and Mrs. B.M. Greenglass
Mr. and Mrs. John E. Grier
Mr. and Mrs. John Grosart
Mr. and Mrs. R.G. Guyatt
Dr. and Mrs. H.G. Hall
Mr. and Mrs. J.B. Hamilton
Mr. and Mrs. W.D. Hargraft
Mr. and Mrs. L.H. Harper
Mr. and Mrs. P.E.W. Hartmann
Mr. and Mrs. N.B. Hathaway
Sophia Henley
Mr. and Mrs. J.T. Hepburn
Mr. and Mrs. Martin R. Hicks
Mr. and Mrs. H.R. Hobbes
Mr. and Mrs. C.C. Hoffman
Mr. and Mrs. George Hogarth
Mr. and Mrs. B.C. Howard
Mr. and Mrs. D.E. Howard
Mr. and Mrs. J.K. Jepson
Mr. and Mrs. N.A. Jutha
Mr. and Mrs. T.E. Kent
Mr. and Mrs. C. D'Arcy Kingsmill
Mr. and Mrs. A.G. Kniewasser
Mr. and Mrs. John Kroll
Mr. and Mrs. R.H.C. Labatt
Mr. and Mrs. J.A. Langford
Mr. and Mrs. J.P.R. Lapointe
Mr. and Mrs. D.G. Lawson
Mr. and Mrs. Montague Larkin
Mr. and Mrs. D.G. Lawson
Mr. and Mrs. R.W. Leacock
Eric and Julie Leggatt
LGen. Bruce J. Legge, C.M.M., K.ST.J., E.D., C.D., Q.C., and Mrs. Legge
John B.J. Legge and Mary M.P. Stokes
Mr. and Mrs. Thomas Leslie
Mr. and Mrs. Alex U. Lind
Dr. and Mrs. W. Kirk Lyon
Mr. and Mrs. John P. Macbeth
Mr. and Mrs. B.H. MacDougall
Mr. and Mrs. R.K. MacKenzie
Mr. and Mrs. C.S. MacNaughton
John and Gail MacNaughton
Mr. and Mrs. Dennis Madden
Mr. and Mrs. F.T. Maggioni
Mr. and Mrs. E.D. Marchant
Dr. and Mrs. F.J. Martyniuk
Mr. and Mrs. R.E. Mason
Mr. and Mrs. Jos. C. McCarthy
Mr. and Mrs. P.L. McCreath
Mr. and Mrs. J.D. McFadyen
Mr. and Mrs. William McGuigan
Mr. and Mrs. R.N. McMillan
Mr. and Mrs. F.G. McNaughton
Mr. and Mrs. D.G.C. Menzel
Mr. and Mrs. D.B. Meynell
Mr. and Mrs. Dan Missios
Mr. and Mrs. H.D. Munro
Mr. and Mrs. A.P. Murphy
Dr. and Mrs. G.B. Nichols
Mr. and Mrs. K. Nicholson
LCol. and Mrs. J.E. Parker
Mr. and Mrs. L.C. Parkinson
A.F. Johnston and Dr. E. Parr-Johnston
Mr. and Mrs. W.A. Payne
Mr. and Mrs. P.B. Pendrith
Mr. and Mrs. John H. Pollock
The Hon. Mr. Justice J.H. Potts and Mrs. Potts
Mr. and Mrs. M.R. Powicke
Keith David Pymar
Mr. and Mrs. Wm. E. Raney
Maj. and Mrs. N.H. Regan
Mr. and Mrs. J. Reid-Weston
Mr. and Mrs. E.G. Reynolds
Mr. and Mrs. R.T. Rhodes
Mr. and Mrs. C.E. Ritchie
Rev. and Mrs. H.F. Roberts
Mr. and Mrs. Hugh Rowan
Mr. and Mrs. C.A. Sabirsh
Mr. and Mrs. T.H. Salisbury
Mr. and Mrs. R.G. Samworth
Mr. and Mrs. Thomas H. Savage
Mr. and Mrs. Robert Scolnick
Mr. and Mrs. G.G. Sedgwick
Mr. and Mrs. H.T. Seymour
Dr. and Mrs. T.O. Smith
Mr. and Mrs. Wm. I. Smith
Joseph D. Sorbara and Tanzola
Norman and Suzanne Sorensen
Mr. and Mrs. A. Sowden
Mr. and Mrs. N.R. Speirs
Mrs. R.F. Stackhouse
Alex Squires and Marie Corbett
Mr. and Mrs. R.B. Stapells
Mr. Justice and Mrs. D.R. Steele
Dr. and Mrs. D.A. Stewart
Mr. and Mrs. P. Stewart
Mr. and Mrs. A.W. Stinson
Mr. and Mrs. A.K. Stuart
Marvin Talsky, Q.C.
H. Wayne Tanenbaum

Mr. and Mrs. C.A. Tayhardat
Mr. and Mrs. R.W. Thurston
Mr. and Mrs. W.I. Turner
Mr. and Mrs. John T. Valiant
Mr. and Mrs. H. Van Remortal
Mr. and Mrs. F.A. Venn
Mr. and Mrs. Alan Voce
Mr. and Mrs. David Weldon
Mr. and Mrs. David C. Wells
Mr. and Mrs. R. Wilson
Capt. and Mrs. C. Zonneveld

AUDITORS' REPORT

To the members of
The Empire Club of Canada

We have examined the balance sheet of The Empire Club of Canada as at 30 April, 1984, and the statements of members' equity and revenue and expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Club as at 30 April 1984 and the results of its activities for the year then ended in accordance with the accounting principles as set out in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

DUNWOODY AND COMPANY
CHARTERED ACCOUNTANTS

Toronto, Ontario
11 June 1984

THE EMPIRE CLUB OF CANADA

BALANCE SHEET AS AT 30 APRIL 1984

ASSETS

	1984	1983
Current		
Cash and short term deposit receipts	$112,216	$78,505
Accounts receivable	2,034	2,747
Inventory, note 1	440	333
Investment	—	5,757
	114,690	87,342
Fixed, note 1	1	1
	$114,691	$87,343

LIABILITIES

	1984	1983
Current		
Accounts payable	$ 5,944	$ 5,942
Due to The Empire Club Foundation, note 1	47,327	37,611
Membership fees and luncheon tickets paid in advance	6,891	5,405
	60,162	48,958

MEMBERS' EQUITY

	1984	1983
Life Membership Reserve, note 2	19,900	17,300
Surplus	34,629	21,085
	54,529	38,385
	$114,691	$87,343

Commitment, note 3
Incorporation, note 4

Approved on behalf of the Board

Douglas L. Derry
Ronald Goodall } Directors

THE EMPIRE CLUB OF CANADA

STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED 30 APRIL 1984

	1984	1983
Surplus, beginning of year	$21,085	$12,340
Transfer to life membership reserve	(2,600)	(800)
Excess of revenue over expenditure for the year	16,144	9,545
Surplus, End of Year	34,629	21,085
Life Membership Reserve, Beginning of Year	17,300	16,500
Add: Transfer from surplus, note 2	2,600	800
Life Membership Reserve, End of Year	19,900	17,300
	$54,529	$38,385

THE EMPIRE CLUB OF CANADA

STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30 APRIL 1984

	1984	1983
Revenue		
Membership fees	$ 66,644	$ 55,936
Luncheons – net	30,542	29,548
Interest	5,575	8,465
Other – net	9,153	8,239
	111,914	102,188
Expenditure		
Members' notices	28,843	24,176
Office salaries and employee benefits	31,563	27,998
Yearbook donation and sundry expenses	7,000	17,685
Publicity and promotion	2,498	2,350
Printing, stationery and postage	12,736	7,334
Rent	6,848	5,554
Meetings	1,943	3,704
Office and general	3,399	2,831
Telephone	940	1,011
	95,770	92,643
Excess of Revenue over Expenditure for the year	$ 16,144	$ 9,545

THE EMPIRE CLUB OF CANADA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1984

1. *Significant Accounting Policies*

   The following is a summary of significant accounting policies of the Club:

   (a) Inventory

   Inventory is valued at the lower of cost and net realizable value.

   (b) Fixed Assets

   Fixed assets, consisting of office furniture and equipment, are recorded at nominal value and additions are recognized as an expenditure in the year acquired.

   (c) Due to The Empire Club Foundation

   A donation to The Empire Club Foundation for the estimated cost of supplying the Club's membership with the yearbook of the current year is accrued each year. The balance represents the estimated costs of unpublished yearbooks.

2. *Life Membership Reserve*

   Term deposit receipts are segregated as funding for this reserve in order to provide a continuing income to sustain the membership costs of life members. The reserve has been increased by $2,600 (1983 – $800) in the current year to allow for increases in the life membership roll.

3. *Commitment*

   The Club occupies office space under a lease agreement expiring 30 September 1987 at an annual rental to be negotiated, which it shares with another society.

4. *Incorporation*

   The Club was incorporated under letters patent in the Province of Ontario on 26 March 1912. The principal function of the Club is to provide a forum for prominent people to address members of the Club and their guests on topics of current interest.

The Empire Club Foundation

The year 1983–84 has been very successful under the distinguished presidency of Mr. Douglas L. Derry, F.C.A.. The Empire Ball this year was chaired by Mr. Paul Clark, assisted by Miss Lindsay Shaddy, and was a great success, again under the distinguished patronage of Colonel The Honourable Pauline McGibbon and Mr. Donald McGibbon, in the presence of the Right Honourable Roland Michener, the Honorary President of The Empire Club Foundation.

This year The Empire Club Foundation also benefited from The Empire Club 80th Anniversary Tea which was organized under the chairmanship of Mr. Dennis Madden and which, like the Empire Ball, produced considerable profit and much pleasure to all members of the Club.

As always, The Empire Club Foundation continues to flourish because of the splendid volunteer work of the Directors, the Officers, the Honorary Secretary, and the Honorary Treasurer. Their work and the generosity of our donors, benefactors, endowment benefactors, and patrons enable the Foundation to continue to send annually The Empire Club yearbook to all the English-speaking educational libraries in Canada.

B.J. Legge, Q.C.
President

THE EMPIRE CLUB FOUNDATION

President	B.J. Legge, Q.C.,
Vice-Presidents	H.N.R. Jackman R.H. Hilborn
Past President	J.W. Griffin
Honorary Secretary	R.B. Stapells, Q.C.
Honorary Treasurer	R.W. Lewis

Directors

Robert L. Armstrong
Warren Armstrong
Sir Arthur Chetwynd
Fraser Deacon
C.W. Goldring
Peter Hermant
John D. Herrick
P.W. Hunter
Arthur E.M. Inwood
William M. Karn
Arthur J. Langley
Hartland M. MacDougall
John A. MacNaughton
Frank F. McEachren
D.G. Neelands
John M. Thompson

PATRONS*

Imperial Optical Co. Ltd.
W.R. Legge in Memoriam
The Jackman Foundation

ENDOWMENT BENEFACTORS*

Erco Industries Ltd.
R. Bredin Stapells, Q.C.

*May 1, 1983 – April 30, 1984. Patrons – $1,000 or more; Endowment Benefactors – $500 to $999.99; Benefactors – $250 to $499.99; Donors – $100 to $249.99.

In addition to the above support, The Empire Club Foundation gratefully acknowledges many companies and individuals who supported the club and the Foundation through purchasing tickets for The Empire Ball.

BENEFACTORS*

John D. Allan
Thomas J. Bata
Continental Can Canada Inc.
Grafton Group Ltd.
Mr. and Mrs. John Grosart
McDonalds Restaurants of Canada Ltd.
J.M. Thompson

DONORS*

BGen and Mrs. S.F. Andrunyk
Barclay's Bank of Canada
Canada Packers
Credit Suisse Canada
Fraser Deacon
Douglas Derry, F.C.A.
Lac Minerals Ltd.
Reginald W. Lewis
The National Life Assurance Co. of Canada
James A. Parish
Jean-Pierre Scheidegger

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*May 1, 1983 – April 30, 1984. Patrons – $1,000 or more; Endowment Benefactors – $500 to $999.99; Benefactors – $250 to $499.99; Donors – $100 to $249.99.

In addition to the above support, The Empire Club Foundation gratefully acknowledges many companies and individuals who supported the club and the Foundation through purchasing tickets for The Empire Ball.

AUDITORS' REPORT

To the Members of
The Empire Club Foundation

We have examined the balance sheet of The Empire Club Foundation as at April 30, 1984, and the statements of income and expenses and members' equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of The Empire Club Foundation as at April 30, 1984, and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

SMITH NIXON & CO.
CHARTERED ACCOUNTANTS

Toronto, July 18, 1984

THE EMPIRE CLUB FOUNDATION

BALANCE SHEET AS AT APRIL 30, 1984

ASSETS

	1984	1983
Current Assets		
Cash	$40,416	$20,327
Accounts receivable	—	1,612
Due from Empire Club of Canada	47,327	37,611
	$87,743	$59,550

LIABILITIES

	1984	1983
Current Liabilities		
Accounts payable and accrued liabilities	$73,500	$34,000

MEMBERS' EQUITY

	1984	1983
Equity	14,243	25,550
	$87,743	$59,550

Signed on behalf of the board

B.J. Legge } Directors
R.W. Lewis }

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB FOUNDATION

STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED APRIL 30, 1984

Income	*1984*	*1983*
Donations:		
Empire Club of Canada	$ 7,000	$11,000
Supporters	10,465	28,276
The Empire Ball	9,628	6,533
Interest	1,495	313
Book sales	96	—
	$ 28,684	$46,122
Expense		
Yearbook	$ 39,500	$34,670
Stationery, postage and other expenses	491	363
	$ 39,991	$36,033
Excess of (expense over income) *Income over expense for the year*	$(11,307)	$10,089

STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED APRIL 30, 1984

Members' equity – beginning of year	$ 25,550	$15,461
Excess of (expense over income) Income over expense for the year	(11,307)	10,089
Members' equity – end of year	$ 14,243	$25,550

The accompanying notes are an integral part of these financial statements.

THE EMPIRE CLUB FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 1984

1. *The Foundation*
   The Foundation was incorporated on January 22, 1969, under the laws of Canada as a non-profit organization. The principal function of the Foundation is the publication and distribution of yearbooks, containing the texts of addresses to The Empire Club of Canada to the club's members and libraries across Canada. The Foundation's activities are funded by donations.

2. *Accounting Policies*
   The Foundation includes donations in income when received except for donations from The Empire Club of Canada which are included in income when pledged. The estimated cost of publishing and distributing yearbooks of the current year is accrued each year.

B. J. LEGGE, Q.C., President
H. N. R. JACKMAN, Vice-President
ROBERT H. HILBORN, Vice-President

THE RT. HON. ROLAND MICHENER, P.C., C.C., Q.C.
Honorary President

JOHN W. GRIFFIN, Past President
R. B. STAPELLS, Q.C., Hon. Secretary
R. W. LEWIS, Hon. Treasurer

THE EMPIRE CLUB FOUNDATION
SUITE 903, 60 ST. CLAIR AVE. EAST, TORONTO, CANADA M4T 1N5

REMEMBER THE EMPIRE CLUB FOUNDATION IN YOUR WILL

This Yearbook of The Empire Club of Canada is published by The Empire Club Foundation which is recognized by the Department of National Revenue as a charitable foundation for tax purposes. Over four thousand copies of the Yearbook are distributed free of charge to the libraries of Canada schools and colleges.

Would you please remember the Foundation in your Will to enable it to carry on the uniquely Canadian, patriotic and historic work of the Foundation. If you wish to help the Foundation, the following form of bequest is recommended.

> "I give and bequeath to The Empire Club Foundation, a Canadian charitable organization, registered under Section (27) of The Canadian Income Tax Act, with offices at 60 St. Clair Avenue East, Suite 903, Toronto, Canada M4T 1N5, the sum of $_________ to be used for its general charitable purposes".

For enquiries, please call The Empire Club of Canada at telephone number (416) 364-2878.

Bruce Legge

B. J. LEGGE
President

Registration Number 0353532-21-13